



UNIVERSITY  
OF  
JOHANNESBURG

## **COPYRIGHT AND CITATION CONSIDERATIONS FOR THIS THESIS/ DISSERTATION**



- Attribution — You must give appropriate credit, provide a link to the license, and indicate if changes were made. You may do so in any reasonable manner, but not in any way that suggests the licensor endorses you or your use.
- NonCommercial — You may not use the material for commercial purposes.
- ShareAlike — If you remix, transform, or build upon the material, you must distribute your contributions under the same license as the original.

### **How to cite this thesis**

Surname, Initial(s). (2012). Title of the thesis or dissertation (Doctoral Thesis / Master's Dissertation). Johannesburg: University of Johannesburg. Available from: <http://hdl.handle.net/102000/0002> (Accessed: 22 August 2017).

**EFFECTS OF ENVIRONMENTAL, PERSONALISATION AND SHOPPING  
ELEMENTS IN LOYALTY PROGRAMMES ON CUSTOMER SATISFACTION**

**by**

**Prenissa Perumal**

**Student number: 200800909**

**MINOR DISSERTATION**

**Submitted in fulfilment of the requirements for the degree**

**MASTER OF COMMERCE**

**in**

**BUSINESS MANAGEMENT**

**in the**

**COLLEGE OF BUSINESS AND ECONOMICS**

**at the**

**UNIVERSITY OF JOHANNESBURG**

**Supervisor: Prof. Christine de Meyer-Heydenrych**

**Co-supervisor : Dr Nicole Cunningham**

Johannesburg

January 2021

## **DECLARATION**

I certify that the minor dissertation submitted by me for the degree *Master's of Commerce* in Business Management at the University of Johannesburg is my independent work and has not been submitted by me for a degree at another university.

MISS PRENISSA PERUMAL



## **ACKNOWLEDGEMENTS**

A sincere thank you to all the individuals that have contributed to the completion of this study. Particularly I would like to thank my supervisor and co-supervisor for always assisting and making time for me. My Parents and sister, thank you for supporting me during this journey and motivating me to persevere to the end. A special thank you to my mum and dad for providing me with the opportunity to further my studies and all the sacrifice made for my growth. Lastly a heartfelt thank you to Estie du Toit , Li Lai and Mapitso Mensele , the unconditional support and encouragement that you have offered me throughout my journey will never be forgotten.



## **ABSTRACT**

The global retail industry has one of the highest contributions to the global economy, with sales of over US \$26 trillion in 2020 and a projected growth of US \$29 trillion by 2023. The global retail industry has been the biggest contributor to the world's economic growth. This industry is therefore a key economic contributor to developed and developing countries such as those in Sub-Saharan Africa.

Sub-Saharan Africa is highly dependent on the retail industry to uphold its economy, as the continent's retail industry is seen to hold many opportunities for retailers across the world, with its growing users of 11.8 million people by 2024. The South African supermarket environment alone is starting to witness highly competitive surroundings, making loyalty programmes a key approach for creating added value and differentiation in the South African retail supermarket environment.

The primary objective of this study is to determine the influence that shopping orientations, loyalty programme quality, and personal interactive quality have on customers' satisfaction of and loyalty to supermarket loyalty programmes. The study followed a descriptive research design with the use of quantitative methods in the form of online, self-administered questionnaires. A total of 281 questionnaires were completed by consumers from Gauteng, South Africa and was retained for statistical testing. The data analysis included factor analysis (exploratory and confirmatory) and multiple regression analysis. The statistical analysis indicated that personal interactive quality, loyalty programme reward quality, and the shopping orientations (excluding the apathetic shopping orientation) influenced customers' satisfaction of supermarket loyalty programmes. Further analysis proved that customer satisfaction does in fact influence customers' loyalty of supermarket loyalty programmes. Results showed that personal interactive quality, loyalty programme rewards, personalisation shopping orientations, and customer satisfaction's influence on loyalty were the strongest predictors of customer satisfaction, while customer satisfaction was the strongest predictor of loyalty.

Based on the accepted hypotheses, one of the key recommendations from this study is to invest into employees' communication and relationship training (i.e. emotional intelligence, responsiveness, and attentiveness to customers). Another key recommendation from this study is to consider multiple partners in supermarket loyalty programme offerings to facilitate variety in rewards for customers. The study's findings and recommendations could help South African supermarkets design adequate loyalty programmes to combat industry competitiveness.



## TABLE OF CONTENTS

<b>DECLARATION.....</b>	<b>i</b>
<b>ACKNOWLEDGEMENTS.....</b>	<b>ii</b>
<b>ABSTRACT.....</b>	<b>iii</b>
<b>TABLE OF CONTENTS.....</b>	<b>v</b>
<b>LIST OF TABLES.....</b>	<b>xii</b>
<b>LIST OF FIGURES.....</b>	<b>xiv</b>

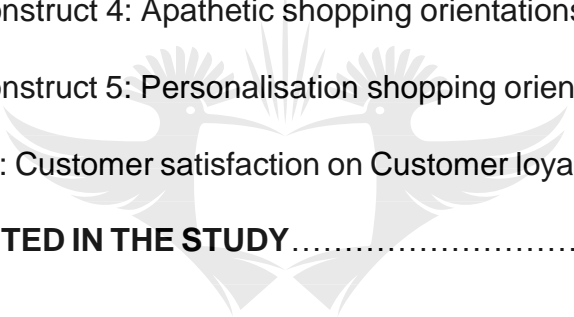
### CHAPTER 1: INTRODUCTION TO STUDY

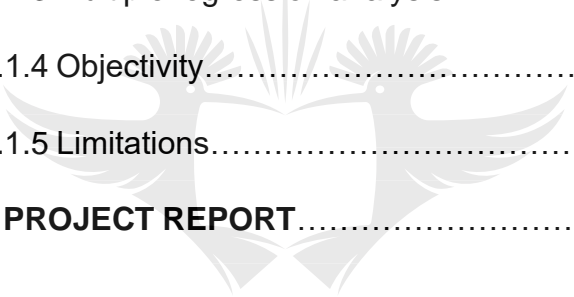
<b>1.1 INTRODUCTION.....</b>	<b>1</b>
<b>1.2 BACKGROUND AND RATIONALE.....</b>	<b>1</b>
<b>1.3 RESEARCH PROBLEM.....</b>	<b>3</b>
<b>1.4 LITERATURE REVIEW.....</b>	<b>6</b>
1.4.1 Theoretical grounding.....	7
1.4.1.1 Consumer behaviour theory.....	7
1.4.1.2 Customer relationship management theory.....	8
1.4.1.3 Customer satisfaction theory.....	9
1.4.1.4 Customer loyalty theory.....	10
1.4.1.5. Loyalty programmes.....	11
<b>1.5 RESEARCH DESIGN.....</b>	<b>12</b>
1.5.1 Philosophical paradigm.....	12
1.5.2 Research approach.....	14
1.5.3 Research paradigm and methodological choice.....	14

1.5.4 Research strategy.....	15
1.5.5 Time horizon.....	16
<b>1.6 RESEARCH METHODS.....</b>	<b>16</b>
1.6.1 Sampling.....	16
1.6.2 Data collection.....	18
1.6.3 Data analysis.....	20
1.6.3.1 Descriptive statistics.....	20
<b>1.7 LIMITATIONS.....</b>	<b>21</b>
<b>1.8 ETHICS.....</b>	<b>21</b>
<b>1.9 CONCLUSION.....</b>	<b>22</b>
<b>1.10 DISCUSSION OF TERMINOLOGY.....</b>	<b>23</b>
<b>1.11 CHAPTER LAYOUT.....</b>	<b>23</b>
 <b>CHAPTER 2: THE SUPERMARKET RETAIL ENVIRONMENT</b>	
<b>2.1 INTRODUCTION.....</b>	<b>25</b>
<b>2.2 RETAIL AND RETAIL INDUSTRY DEFINED.....</b>	<b>26</b>
<b>2.3 THE GLOBAL RETAIL INDUSTRY.....</b>	<b>26</b>
<b>2.4 THE SUB-SAHARAN RETAIL INDUSTRY.....</b>	<b>29</b>
<b>2.5 GLOBAL RETAIL SECTORS.....</b>	<b>31</b>
<b>2.6 THE RETAIL INDUSTRY IN SOUTH AFRICA.....</b>	<b>34</b>
<b>2.7 CHALLENGES FACED IN THE GLOBAL RETAIL INDUSTRY.....</b>	<b>36</b>
2.7.1 Constantly changing and evolving customer expectations.....	36
2.7.2 Maintaining customer base through loyalty.....	36



2.7.3 Challenges of digital disruption.....	37
2.7.4 Political uncertainty affecting global retail trade.....	37
<b>2.8 THE GLOBAL RETAIL SUPERMARKET TRENDS.....</b>	<b>38</b>
<b>2.9 THE RETAIL SUPERMARKET ENVIRONMENT IN SOUTH AFRICA.....</b>	<b>39</b>
<b>2.10 LOYALTY PROGRAMMES OFFERED BY THE SUPERMARKET SECTOR OF SOUTH AFRICA.....</b>	<b>47</b>
2.10.1 Shoprite Holdings – Checkers supermarkets.....	49
2.10.2 Spar.....	50
2.10.3 Pick n Pay.....	50
2.10.4 Woolworths.....	51
<b>2.11 CONCLUSION.....</b>	<b>52</b>
 <b>CHAPTER 3: THEORIES UNDERPINNING HOW SHOPPING ORIENTATIONS INFLUENCE CUSTOMER SATISFACTION AND LOYALTY</b>	
<b>3.1 INTRODUCTION.....</b>	<b>53</b>
<b>3.2 THEORIES UNDERPINNING THE STUDY.....</b>	<b>53</b>
<b>3.2.1 THEORY OF CUSTOMER BEHAVIOUR.....</b>	<b>54</b>
3.2.1.1 Consumer's decision-making process.....	55
3.2.1.2 Shopping motivation.....	56
<b>3.2.2 CUSTOMER RELATIONSHIP MANAGEMENT.....</b>	<b>57</b>
3.2.2.1 The customer expectation /disconfirmation paradigm.....	58
<b>3.2.3 THEORY OF CUSTOMER SATISFACTION.....</b>	<b>59</b>
<b>3.2.4 THEORY OF CUSTOMER LOYALTY.....</b>	<b>60</b>

3.2.4.1 Behavioural and attitudinal loyalty.....	61
3.2.4.2 The ladder of loyalty.....	62
<b>3.2.5 LOYALTY PROGRAMMES.....</b>	<b>63</b>
<b>3.3 CONSTRUCTS MEASURED IN THIS STUDY.....</b>	<b>66</b>
3.3.1 Construct 1: Personal interactive quality.....	74
3.3.2 Construct 2: Loyalty programme quality.....	76
3.3.3 Shopping orientations.....	78
3.3.3.1 Construct 3: Economic shopping orientations.....	79
3.3.3.2 Construct 4: Apathetic shopping orientations.....	81
3.3.3.3 Construct 5: Personalisation shopping orientations.....	82
3.3.4 Construct 6: Customer satisfaction on Customer loyalty.....	84
<b>3.4 MODEL TO BE TESTED IN THE STUDY.....</b>	<b>85</b>
<b>3.5 CONCLUSION.....</b>	<b>86</b>
 UNIVERSITY OF JOHANNESBURG	
<b>CHAPTER 4: RESEARCH DESIGN AND METHODOLOGY</b>	
<b>4.1 INTRODUCTION.....</b>	<b>87</b>
<b>4.2 STEP 4: RESEARCH PHILOSOPHIES AND APPROACH.....</b>	<b>88</b>
4.2.1 Philosophical paradigm.....	88
4.2.2 Research approach.....	90
<b>4.3 STEP 5: FORMULATING THE RESEARCH DESIGN.....</b>	<b>91</b>
4.3.1 Research design.....	91
4.3.2 Research strategy.....	94
4.3.4 Time horizon.....	94

<b>4.4 STEP 6: NEGOTIATING ACCESS AND RESEARCH ETHICS.....</b>	<b>95</b>
<b>4.5 STEP 7: SAMPLE SELECTION.....</b>	<b>96</b>
4.5.1 Techniques and procedures.....	96
4.5.2 Data collection.....	98
<b>4.6 STEP 8: ANALYSING QUANTITATIVE DATA.....</b>	<b>103</b>
4.6.1 Data analysis.....	103
4.6.1.1 Descriptive statistics.....	103
4.6.1.2 Factor analysis.....	103
4.6.1.3 Multiple regression analysis.....	104
4.6.1.4 Objectivity.....	104
4.6.1.5 Limitations.....	105
<b>4.7 STEP 9: PRESENT PROJECT REPORT.....</b>	<b>105</b>
<b>4.6 CONCLUSION.....</b>	<b>105</b>
 UNIVERSITY OF JOHANNESBURG	
<b>CHAPTER 5: DATA ANALYSIS AND INTERPRETATION</b>	
<b>5.1 INTRODUCTION.....</b>	<b>106</b>
<b>5.2 OVERVIEW OF THE RESEARCH OBJECTIVES.....</b>	<b>106</b>
<b>5.3 REALISATION RATE.....</b>	<b>106</b>
<b>5.4 DEMOGRAPHIC PROFILE AND GENERAL LOYALTY</b>	
<b>PROGRAMME USAGE .....</b>	<b>107</b>

<b>5.5 PERSONAL INTERACTIVE QUALITY, LOYALTY PROGRAMME QUALITY, AND SHOPPING ORIENTATIONS INFLUENCE ON CUSTOMERS SATISFACTION OF SUPERMARKET LOYALTY PROGRAMMES .....</b>	<b>109</b>
<b>5.6 FACTOR ANALYSIS.....</b>	<b>121</b>
5.6.1 Normality.....	122
5.6.2 Determine suitability of the data.....	122
5.6.3 Exploratory factor analysis .....	123
5.6.4 Confirmatory factor analysis.....	130
<b>5.7 REGRESSION ANALYSIS.....</b>	<b>134</b>
5.7.1 Assumptions of the stepwise multiple regression analysis.....	135
5.7.1.1 Normality.....	135
5.7.1.2 Outliers.....	135
5.7.1.3 Linearity.....	136
<b>5.8 HYPOTHESES TESTING AND REGRESSION ANALYSIS.....</b>	<b>136</b>
<b>5.9 SUMMARY OF RESEARCH OBJECTIVES, HYPOTHESES AND MAIN FUNDING .....</b>	<b>142</b>
<b>5.10 CONCLUSION.....</b>	<b>143</b>
 <b>CHAPTER 6: CONCLUSION AND RECOMMENDATIONS</b>	
<b>6.1 INTRODUCTION.....</b>	<b>144</b>
<b>6.2 SUMMARY OF THE STUDY.....</b>	<b>144</b>
<b>6.3 RECOMMENDATIONS FOR EACH RESEARCH OBJECTIVE.....</b>	<b>145</b>

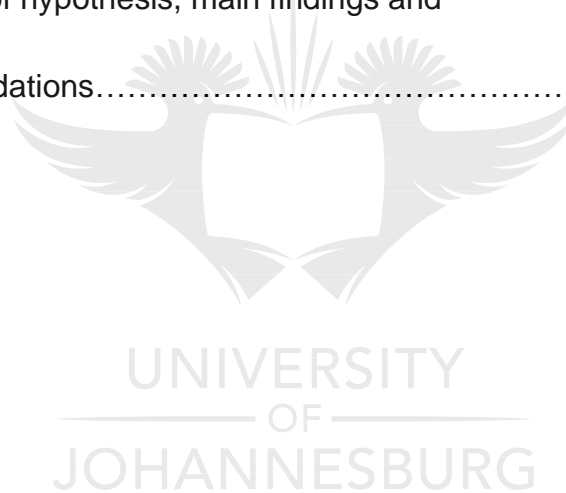
<b>6.4 SUMMARY OF HYPOTHESES.....</b>	<b>155</b>
<b>6.5 THE SIGNIFICANCE OF THE STUDY.....</b>	<b>157</b>
6.5.1 Theoretical significance of the study.....	157
6.5.2 Practical significance of the study.....	158
<b>6.6 LIMITATIONS OF THE STUDY.....</b>	<b>160</b>
<b>6.7 RECOMMENDATIONS FOR FURTHER RESEARCH.....</b>	<b>161</b>
<b>6.8 CONCLUSION .....</b>	<b>162</b>
<b>Bibliography .....</b>	<b>163</b>
<b>Annexure.....</b>	<b>189</b>
Annexure 1: Questionnaire.....	189
Annexure 2: Ethical clearance.....	198
Annexure 3: Letter from language editor.....	199



## LIST OF TABLES

Table 1.1	Questionnaire questions and sources.....	18
Table 2.1	Top 10 global retailers fy2019.....	28
Table 2.2	Global retail sector revenue contribution of top 250 companies fy2018.....	31
Table 2.3	South Africa's top performing retailers from the 250-top performing global retailers of 2018.....	41
Table 2.4	Overview of the top performing South African supermarkets from the Deloitte's (2020) top 250 global retailers in 2018.....	43
Table 3.1	Loyalty programme types and examples of South African loyalty programme.....	63
Table 3.2	Previous studies investigating constructs that contribute to customer satisfaction and loyalty.....	67
Table 4.1	Research paradigm and methodology.....	92
Table 4.2	Sample frame.....	97
Table 4.3	Questionnaire questions and literature sources.....	99
Table 5.1	Demographic profile of respondents.....	107
Table 5.2	Loyalty programme usage.....	108
Table 5.3	Mean, skewness, and kurtosis.....	110
Table 5.4	Eigenvalues, communality values, factor/pattern matrix, and cumulative percentages for each factor.....	124

Table 5.5	Model fit summary.....	131
Table 5.6	CFA – Factor loadings, AVE, CR, and Cronbach’s $\alpha$ .....	132
Table 5.7	Component Correlation Matrix (Discriminant validity).....	134
Table 5.8	Summary of the regression analysis on the constructs.....	137
Table 5.9	Regression of customer satisfaction on customer loyalty to Supermarket loyalty programmes.....	140
Table 5.10	Summary of research hypotheses and outcomes.....	142
Table 6.1	Summary of hypothesis, main findings and recommendations.....	156



## LIST OF FIGURES

Figure 1.1	Conceptual model .....	6
Figure 2.1	South African retail sector annual growth from 2015 – 2019.....	35
Figure 3.1	Theoretical model highlighting the study's constructs and linkages.....	85
Figure 4.1	Research process.....	88
Figure 5.1	Adjusted theoretical model depicting regression results for the primary and secondary research objectives.....	141
Figure 6.1	Final model of accepted hypotheses .....	157





## **CHAPTER 1**

### **INTRODUCTION AND BACKGROUND**

#### **1.1 Introduction**

Chapter 1 introduces the study and provides the background and rationale for conducting this research. An overview is provided on the global retail environment and the South African retail environment, with a closer look at supermarkets. The usage of loyalty programmes in South Africa is discussed, with a focus on supermarkets' loyalty programme offerings. The research problem is then stated, followed by the objectives of the study. Lastly, this chapter summarises some of the key literature reviewed and provides an overview of the underpinning theories supporting the study, followed by a summary of the methodology used for this study.

#### **1.2 Background and rationale**

The global retail industry contributed to sales of over US \$26 trillion in 2020 and is expected to grow to over US \$29 trillion by 2023 (Statista, 2020c; Statista, 2019c). Despite the fluctuating global economy, the global retail industry has still managed to be the industry that attracts a large number of businesses compared to other industries (Nair, 2018). The attractiveness of the global retail industry over the years has contributed to the industry's share of over 31% of the total global Gross Domestic Product (GDP) (Statista, 2019c). The dependency of the sector's contribution can be observed in developed and developing countries such as the United States of America (USA), the United Kingdom (UK), China, and South Africa (Statista, 2020a). Chapter 2 (Section 2.3) provides a detailed view of the above industry. Consumer spending is seen as the lifeblood of the global retail industry; however, due to the large number of competitors in the market, customer spending is being shared across multiple competitors (Bizcommunity, 2019).

This has resulted in many retailers introducing loyalty initiatives to retain customers and overcome the competition in the global industry (Mandina & Karisambudzi, 2016). One particular industry facing this competition is the retail industry in Sub-Saharan Africa, which is regarded as the largest in the region (Up, 2016). Globally, the GDP growth for the retail industry has decreased by 0.4% in 2020; when isolating Sub-Saharan Africa however, the retail industry in this region has a projected GDP growth of 3-4% in 2020 (Bizcommunity, 2020). Rising urbanisation is expected to continue stimulating growth in convenience stores and supermarkets in Sub-Saharan Africa, unlike in other countries (Euromonitor, 2019b). Chapter 2 (Section 2.4) provides a detailed account of the retail industry in Sub-Saharan Africa and provides insights into its performance.

South Africa is the largest foodservice market in Sub-Saharan Africa. This sector alone is projected to have 11.8 million users by 2024 (Statista, 2020a). More South Africans are willing to spend a larger portion of their disposable income on retail goods and services, making this country a growth opportunity and an attractive market for retailers (Radebe, 2020). The food and beverage (FMCG) sector contribute 8.5% of total retail sales, making it a sector of opportunity for the growing market (Statista, 2019b).

Developing countries such as South Africa have the highest influx of supermarkets in Africa over the past ten years (Statista, 2019b). As the supermarket environment continues to thrive and spread out across South Africa through local and international brands, the competition for those customers' limited share of wallet has also increased (Deloitte, 2019b; Wathigo, 2016). Chapter 2 (Section 2.9) provides a detailed account of the supermarket environment in South Africa.

The loyalty programme environment in the South African retail environment is growing substantially. It has been recorded that 88% of the South African population actively participate in grocery loyalty programmes (PWC, 2017; Trittech Media, 2018). According to the Nielsen's study on South African loyalty, monetary rewards are more highly valued in South Africa than in the rest of the countries in the region (Bizcommunity, 2017).

Nearly seven out of ten South African loyalty programme participants prefer rebates, cashback, or product discounts as the top three rewards. The increase in loyalty programmes offered by South African top performing supermarkets is changing the environment that customers shop in and offering more choice, more rewards, and less loyalty; this makes it immensely important to understand how customers perceive loyalty programmes in the South African supermarket environment (Nielsen, 2019b).

The purpose of this study is to help South African supermarket organisations make effective decisions when deciding on the use of loyalty programmes, by understanding how South Africans perceive loyalty programmes. This is important knowledge needed due to the flourishing number of loyalty programmes within South Africa.

### **1.3 Research problem**

South Africa currently offers over 100 loyalty programmes (Arch Retail Systems, 2019). There has been significant growth within the South African supermarket loyalty programme environment, with over 88% of consumers using loyalty programmes and over two million new customers joining the loyalty programme base in 2018 alone (Truth customer leadership, 2018; Nielsen, 2017). Loyalty programmes have become crucial in the context of increasing competition between retailers, by enabling supermarkets to build loyalty to their brand and encourage repeat-purchase behaviour (Oosthuizen, 2014).

Due to the uptake in loyalty programmes, supermarkets are taking decisions to introduce loyalty programmes to increase competitiveness within the industry (Hoffmann, 2019; Villacé-Molinero, Reinales-Lara & Reinales-Lara, 2016). The increase in supermarket loyalty programmes in South Africa is attributable to the astonishing growth in the FMCG sector within the South African retail industry. South Africa is considered the largest foodservice market in Sub-Saharan Africa. As stated earlier, the FMCG sector alone is projected to have 11.8 million users by 2024 (Statista, 2020a) and currently contributes 8.5% of total retail sales, making it a sector of opportunity (Statista, 2019b).

The importance of understanding the influence that shopping orientations, loyalty programme quality, and personal interactive quality have on a customer's satisfaction of a supermarket loyalty programme will help ensure that supermarkets are making more informed decisions in the design and implementation of loyalty programmes for their customers (Mägi, 2003). Past literature identified how economic shopping orientation, apathetic shopping orientation, and personalisation shopping orientation impact on customer loyalty programme selection (Mägi, 2003), while other studies have identified that personal interactive quality and loyalty programme quality also contribute to customers' selection of a loyalty programme (Vesel & Zabkar, 2009). These particular studies indicated a direct relationship to customer satisfaction and loyalty. This relationship is discussed further in Chapter 3 (Section 3.3.4).

With the above in mind, this study aims to understand how customers are influenced by, personal interactive quality, loyalty programme quality and shopping orientations in the selection of loyalty programmes and the relationship that these orientations and qualities have on customer satisfaction and loyalty. This understanding will help supermarkets make better informed decisions on the type of loyalty programme suitable for their customers, based on how customers are influenced by the elements. Based on above, these are the study's objectives:

**Primary objective:** To determine the influence that loyalty programme quality, personal interactive quality and shopping orientations have on customers' satisfaction and loyalty to supermarket loyalty programmes in South Africa.

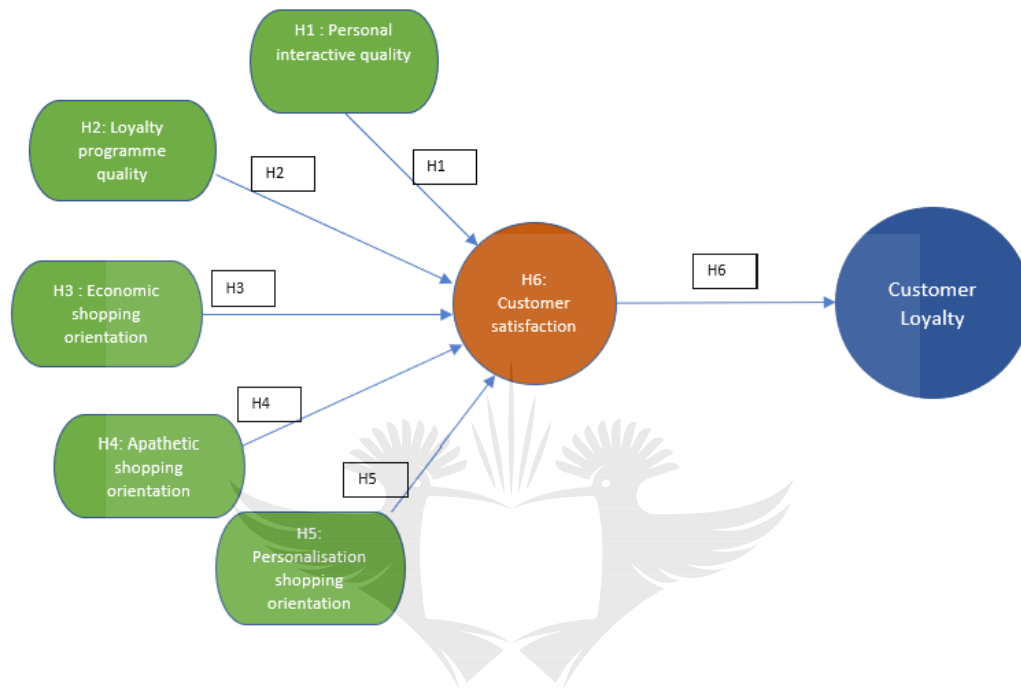
### **Secondary objectives:**

1. Determine whether there is a relationship between personal interactive quality and customer satisfaction amongst customers of supermarket retailers.
2. Determine whether there is a relationship between loyalty programme quality and customer satisfaction amongst customers of supermarket retailers.
3. Determine whether there is a relationship between economic shopping orientation and customer satisfaction amongst customers of supermarket retailers.
4. Determine whether there is a relationship between apathetic shopping orientation and customer satisfaction amongst customers of supermarket retailers.
5. Determine whether there is a relationship between personalisation shopping orientation and customer satisfaction amongst customers of supermarket retailers.
6. Determine whether there is a relationship between customer satisfaction and customer loyalty amongst customers of supermarket retailers.

The proposed hypotheses that will be tested are illustrated below:

- H1: Personal interactive quality will have a significant influence on customer satisfaction of supermarket loyalty programmes.
- H2: Loyalty programme quality will have a significant influence on customer satisfaction of supermarket loyalty programmes.
- H3: Economic shopping orientation will have a significant influence on customer satisfaction of supermarket loyalty programmes.
- H4: Apathetic shopping orientation will have a significant influence on customer satisfaction of supermarket loyalty programmes.
- H5: Personalisation shopping orientation will have a significant influence on customer satisfaction of supermarket loyalty programmes.
- H6: Customer satisfaction will have a significant influence on customer loyalty towards a supermarket loyalty programme.

**Figure 1.1: Conceptual model**



Source: Researchers own construct

## 1.4 Literature Review

A literature review is a comprehensive summary of previous research on a topic (Saunders, Mark & Thornhill, 2019). The literature review in this study will offer an understanding of theories and past literature on customer elements that influence the selection of loyalty programmes and the displayed linkage between customer satisfaction of these loyalty programmes and customer loyalty.

### **1.4.1 Theoretical grounding**

Underpinned by the literature, a theoretical framework on the factors influencing the selection of loyalty programmes, customer satisfaction, and customer loyalty will be discussed.

#### **1.4.1.1 Consumer behaviour theory**

For this study, the theory of consumer behaviour is fundamental for understanding what influences consumer satisfaction and loyalty towards supermarket loyalty programmes (Mack, 2019; Singh, 2018). According to Blythe (2013:05), consumer behaviour is regarded as the behaviour that consumers show when seeking, purchasing, consuming, and evaluating products and services that they perceive will satisfy their needs. Kotler and Keller (2016) have similar views, indicating that consumer behaviour plays an integral role in marketing that is focused on ways of buying and consuming goods and services, in order to satisfy consumers' needs or wants at the time of purchase. The way that customers analyse the offerings presented to them and translate this into behaviour is seen as a common finding by the authors cited above.

Consumer behaviour is not something that happens only at the purchase stage; it is an ongoing process that involves various stages before, during, and after the buying experience, and is referred to as the decision-making process (Khadka & Maharjan, 2017). The decision-making process will also be explored in this study.

Another supporting theory is shopping motivation, which is regarded as one of the key concepts in research on consumer shopping behaviour, which continues to be discussed intensely. Recent authors Yu, Zhang, and Liu (2018) and Tillmann and Thomas (2010) argue that it is important to understand hedonic and utilitarian shopping motivations as each type of motivation has an influence on customer behaviour.

Consumer behaviour theory is therefore important for understanding how customers analyse loyalty programmes and what factors influence their behaviour in selecting a specific supermarket loyalty programme. Chapter 3 (Section 3.2.1) will provide a detailed account of the customer behaviour theory used in this study.

#### **1.4.1.2 Customer relationship management theory**

Consumer relationship management (CRM) theory focuses on building customer loyalty by creating, sustaining, and growing longer-term customer engagement or relationships rather than shorter-term engagements like customer acquisition and once-off sales (Rahimi & Kozak, 2017:40).

CRM is designed to improve loyalty of a brand by growing an on-going relationship between a brand and its customers (Rouse, 2019). The increase in the competitive landscape has resulted in organisations seeking to build strong relationships and use these relationships as a marketing tool to differentiate their brand and products, and to attain loyalty. As a result of this competitive landscape, many supermarket retailers have moved from attracting new customers through marketing resources, to having more concern for existing customers and providing them with 'relational benefits' (Musasa, 2014; Xu, Goedegebuure & van der Heijden, 2006). Musasa, (2014) and Ndubisi (2007) discuss how supermarkets previously concentrated on customer footfall and visits to their stores through the traditional use of point-of-sale advertising, sales promotions, and treating all customers the same. These authors argue that supermarkets are now exploring the use of loyalty programmes to achieve their objectives (Musasa, 2014; Ndubisi, 2007).

Supermarkets have shifted their focus to offering more value to their valued customers through customised offerings and rewards through loyalty programmes, in order to overcome the extremely competitive retail environment (Musasa, 2014:27). Within the supermarket environment, there is very little to differentiate between products and services due to the availability of multiple brands with the same product offerings.



Customer relationship marketing is therefore considered to be a tool for gaining rapport and influencing where customers shop for the same grocery items across stores. Linked to this, many supermarkets are using loyalty programmes as a tool for building relationships with existing customers (Rouse, 2019; Singh, 2018).

Developing customer relationships without fully understanding customers' expectations with the brand will manifest in poor uptake, low participation, and most importantly, unsatisfied customers (Mägi, 2003). Therefore, understanding customers' expectations and building relationships with customers may result in customer satisfaction, which is why the customer satisfaction theory is important to explore in this study. Chapter 3 (Section 3.2.3) will discuss the customer satisfaction theory in more detail.

#### **1.4.1.3 Customer satisfaction theory**

When a consumer repeats a certain behaviour, it is an indication of the level of satisfaction received; the higher the satisfaction, the higher the likelihood of turning satisfaction into loyalty. Customer satisfaction is obtained from the perception that a product, service or feature provided a pleasurable level of consumption or under- or over-fulfilment (Grigoroudis & Siskos, 2010). Most literature acknowledges that customer satisfaction is the biggest contributor to customer loyalty (Ibáñez, Hartmann, and Calvo, 2006; Auh & Johnson, 2005). These authors argue that when customers experience high levels of satisfaction, it similarly translates into high loyalty towards the brand, while high customer satisfaction will increase the probability of repeat purchases (Grigoroudis & Siskos, 2010; Ibáñez et al., 2006; Auh & Johnson, 2005). The theory of customer loyalty will be reviewed in more detail in Chapter 3 (Section 3.2.4).

#### **1.4.1.4 Customer loyalty theory**

Customer loyalty is the customer's attitude and behaviour of preferring one brand over all competitor product offerings because of the satisfaction received from consuming that product or service (Magatef & Tomalieh, 2015). Magatef and Tomalieh (2015) argue that customer loyalty occurs when customers have received a positive perception, which translates into customer satisfaction; this customer satisfaction would then contribute to a level of customer loyalty.

Contrary to this, Jacoby and Chestnut (1978) have indicated that repeat purchase does not necessarily indicate satisfaction or sufficient conditions of brand loyalty because customers may repeat purchases based on location or convenience, with no linkage to actual satisfaction (Jacoby & Chestnut, 1978). Mägi (2003) states similarly that loyalty is more than a repetition of behaviour and can be influenced by loyalty to price, brand, company, location convenience, and belonging to a certain group of customers; most importantly, loyalty is the result of satisfaction.

In recent years, customer loyalty has become a focal point for marketers and researchers in the supermarket industry, as supermarkets are able to attain higher profitability by attracting customers and retaining them long-term (Omoregie, Addae, Coffie, Ampong & Ofori, 2019). When loyalty programmes are able to meet all the requirements of a successful loyalty programme in the eyes of the consumer, satisfaction is reached. This satisfaction is the ignition for repeat purchase and building the foundation for loyalty (van Vuuren, Roberts-Lombard and van Tonder, 2012). According to Vesel and Zabkar's (2009) study of customer loyalty through satisfaction, two key measurements of loyalty are behavioural and attitudinal loyalty. Understanding customers' behavioural and attitudinal loyalty in this study is therefore beneficial for interpreting their effects on customers' perceptions of supermarket loyalty programmes (Xu, Goedegebuure & van der Heijden, 2006).

Another important supporting element under customer loyalty is the ladder of loyalty. There are six stages in the ladder of customer loyalty: prospect, customer, client, supporter, advocate, and partner. The ladder of customer loyalty provides a good depiction of how a customer's value of products or services evolve at different levels of a relationship, moving from 'prospect' to 'partner' of the brand (Godson, 2009). When organisations have a clear understanding of where exactly the customer is in relation to value and satisfaction, they can then proceed to move the customer up the ladder with tailored offers based on the customer's mindset (Nair, 2018). For example, a 'prospect' customer would need much more engagement and persuasion to join the loyalty programme than a client who is already a member (Nair, 2018). Chapter 3 (Section 3.2.4) will discuss the loyalty theory in more detail.

#### **1.4.1.5. Loyalty programmes**

Loyalty programmes encourage engagement and repeat purchases, and keeps the supermarket brand top-of-mind. Loyalty programmes therefore support the movement from prospect customer to advocate customers along the loyalty ladder (Padayachee, 2015). A loyalty programme's primary purpose is to foster long-term relationships with customers in order to create repeat purchases. Customers join and support loyalty programmes to receive different types of rewards, such as discounts, increased status, or increased service (Ranabhat, 2018; Smith & Sparks, 2009).

According to Berman (2006:125), there are various types of loyalty programmes that companies offer, with some companies offering a combination of more than one type. These different types of loyalty programme offerings will be explored in this study, within the context of supermarket brands in South Africa: SPAR, Checkers, Woolworths and Pick n Pay. These supermarket stores and their loyalty programme offerings will be explained in more detail in Chapter 2 (Section 2.10).

## **1.5 Research design**

The research design is considered to be the blueprint of the proposed research topic and it clarifies the methods used in the research study (Creswell, 2014).

### **1.5.1 Philosophical paradigm**

A research philosophy is used to underpin the position from which a researcher views the world (Saunders et al., 2019; Creswell, 2014). There are five main philosophical approaches to research: positivism, critical realism, pragmatism, postmodernism, and interpretivism.

Saunders et al. (2019) define critical realism as a branch of philosophy that distinguishes between the 'real' world and the 'observable' world. The authors argue that this philosophy is focused on understanding underlying causes through social structures that shape everyday organisational life. This study has not adopted a critical realism philosophy because this study is focused on behaviour in the real world without looking into the social influences.

Interpretivism can be defined as theories about how we can gain knowledge of the world, which loosely relies on interpreting or understanding the meanings that humans attach to their actions (Myers, 2008). This philosophy is more suitable for qualitative data, taking on a form of high subjectivism and focusing on narratives, stories, perceptions, and interpretation. This approach is not suitable for this study as the focus is on the overall behaviour of customers and not on respondents' subjective understandings.

Postmodernism places emphasis on language and power relations, and is centred on questioning accepted ways of thinking and giving a voice to an alternative way of thinking and views that are disregarded most of the time in society (Hair, Celsi, Money, Samouel, and Page, 2015). This type of philosophy will not be suitable for this study as the study's intention is to observe actual behaviour rather than suppressed and hidden feelings and views.

Pragmatism is a philosophical movement that includes those researchers who claim that an ideology or proposition is true if it works satisfactorily, that the meaning of a proposition is to be found in the practical consequences of accepting it, and that unpractical ideas are to be rejected (Feilzer, 2010:08). Bryman and Bell (2011) and Saunders et al. (2019) explain that positivism is a philosophical stance that scientists take through collecting data about an observable reality and investigating regularities and relationships, which are typically used to test theoretical models. This study followed a positivism paradigm because this study collected data from customers on their perceptions of supermarket loyalty programmes.

This study aimed to search for relationships or patterns between the customers' shopping orientations, loyalty programme quality, personal interactive quality, customer satisfaction, and loyalty towards supermarket loyalty programmes, and deduce conclusions from this data. These insights from the data were tested against hypotheses formulated from existing theory and independent from social actors, with the researcher observing an objective, neutral, and independent stance. Therefore, positivism is the philosophy seen to be most suited for guiding this study.

Chapter 4 (Section 4.2.1) will provide a detailed account of the philosophical paradigm used in this study. The next section will cover the plan and procedure that the study undertook to collect and analyse the data, and interpret the findings.

### **1.5.2 Research approach**

Theory is a standardised research principle used to explain the relationship between two or more concepts and variables (Saunders et al., 2012:144). Theory can be developed using an inductive, deductive, or abductive approach (Leavy, 2017:11).

According to past research authors (Creswell, 2014; Saunders et al., 2012; Babbie & Mouton, 2008), an inductive approach focuses on the collection of data and the development of a theory, and a deductive approach occurs when the research explores theory developed from academic literature and proceeds to design a research strategy to test the theory. Abductive approaches, however, are a combination of deductive and inductive approaches, moving back and forth between data and theory.

For this research, the deductive approach was applied to evaluate the proposed hypotheses against data collected on customers' perceptions of shopping orientations, loyalty programme quality, and personal interactive quality performance against customer satisfaction and loyalty of supermarket loyalty programmes (Saunders et al., 2019). This study's aim was to prove existing theory falsification or verification suitable in a deductive approach.

This study was operationalised through quantitative data which enabled facts to be measured and generalised across a suitable large sample size, which is a characteristic of a deductive approach (Saunders et al., 2019; Hair et al., 2015). Chapter 4 (Section 4.2.2) will provide a detailed account of the research approach used in this study.

### **1.5.3 Research paradigm and methodological choice**

The research questions were addressed in a quantitative manner, using questionnaires to compare and interpret findings from customers. The questionnaire incorporated closed-ended datasets to complement each other and the responses were quantified using a mono-method quantitative approach.

The motivation for using a mono quantitative method is because the research topic requires gaining insights into customers' perceptions, which were tested against a conceptual model developed from theory. By using quantitative methods, the research can compare and align feedback from respondents, thus eliminating misinterpretation and collecting rich, comprehensive data (Creswell & Plano-Clark, 2011). Quantitative methods are used to describe data and help explore and examine relationships and trends within the data, rather than interpret it (Creswell, 2014); this approach was required in this study in order to test the customer perception hypothesis.

#### **1.5.4 Research strategy**

According to Dinnen (2014), a research strategy is a detailed plan of action that gives direction to your thoughts and efforts, thus allowing the study to conduct research systematically and to produce quality, detailed reporting. The data for this research will be collected using a quantitative method (Saunders et al., 2019).

A questionnaire strategy was applied to support the research paradigm in this study, as it employs a deductive approach to collect information and validate or disprove a theory (Saunders et al., 2019). A questionnaire is considered to be the most fitting strategy for a descriptive study that uses quantitative methods (Creswell, 2014).

This study's questionnaire strategy was implemented through online self-administered questionnaires on Microsoft forms (Microsoft Forms, 2020). The sections that were included in the questionnaire are as follows : Screening section, Demographic section, Loyalty programme quality section, Personal interactive quality section, Economic shopping orientation section, Apathetic shopping orientation section, Personalisation shopping orientation section, Customer satisfaction section and lastly a Customer loyalty section respectively.

Online self-administered questions were seen as the most suitable approach due to the study's large sample size and to reduce the cost of and time for collecting data, compared to other methods such as focus groups (Hair et al., 2015). In addition, this method is most suitable in complying with current COVID-19 regulations that restrict in-person contact. The research strategy is discussed in more detail in Chapter 4 (Section 4.3.2).

### **1.5.5 Time horizon**

Time horizon refers to whether data is collected to measure a progressive pattern over a longer-term time period, also known as longitudinal, or whether the data is collected to understand a phenomenon at a particular time, also known as cross-sectional (Bryman & Bell, 2011; Saunders et al, 2016:190).

This study was conducted over the month of September 2020 and is therefore a cross-sectional study. The study's focus was a short-term period of observation to isolate the usage in loyalty programmes and explore customers' perceptions within the current South African retail environment. Chapter 4 (Section 4.3.3) will provide more details on the approach, and Table 4.1 in Chapter 4 provides a summary of the research paradigm and methodological choice.

## **1.6. Research methods**

The research methods used to collect and analyse the data in order to address the research questions are as follows:

### **1.6.1 Sampling**

According to Burns, Veeck, and Bush (2017), sampling allows for conclusions to be developed for a population based on the sample data received. Burns et al. (2017:240) further define a population as the full set of cases from which a sample is drawn.



The population for this study was the Gauteng population of 15,200,000 people who had loyalty programme cards at a supermarket store (StatsSA, 2020a). Non-probability snowball sampling was applied as there was no known available list of loyalty programme customers to contact at the time of study. A sample of 250 people were surveyed within the Gauteng area, considering a 51% response probability. This sample size provided a fair representation of the wider 15.2 million people living in Gauteng (StatsSA, 2019b; Wizimaps, 2019). The sample consisted of customers between the ages of 18 and 65 who had purchased groceries at a supermarket store within Gauteng and use their loyalty programme card when purchasing. The supermarkets that were researched are Shoprite, Checkers, Spar, Woolworths, and Pick n Pay stores. Finally, all respondents were required to have access to web-based or mobi-based internet.

The questionnaire was provided through links to Microsoft forms (Microsoft Forms, 2020). The current Covid-19 pandemic, restrictions in place across the country preventing social gatherings and the use of paper-based questionnaires, made it necessary to use electronic questionnaires instead. The researcher shared the questionnaire link with a set of known respondents and requested them to disseminate a link to a further group of unknown respondents. Screening questions eliminated respondents who did not fit the questionnaire criteria from responding to the questionnaire.

The research criteria entailed customers between the ages of 18 and 65 who had purchased groceries at a supermarket store within Gauteng and used their loyalty programme cards when purchasing. The researcher has had no access to personal contact information of the unknown respondents who received the link from the initial set of known respondents. All data provided on the Microsoft form was anonymous and confidential across the entire base.

### 1.6.2 Data collection

The nature of this study was quantitative and followed the positivism paradigm, with data collected through online self-administered questionnaires. The questionnaire consisted of screening questions and multiple-choice questions in the form of five-point Likert-type scale questions because Likert scales are best suited to answer attitude or opinion questions (Nair, 2018). Customers were asked to rate questions across a scale of 1- strongly agree to 5- strongly disagree.

The questions used in the questionnaire were achieved by adopting and adapting the questions from studies conducted within the similar field of shopping orientations, loyalty programme quality, and personal interactive quality by Oliver, Arnd, and Anja (2014); Beomjoon and Hyun (2013); Eid, Al-Sabbahy and Lockwood (2011); Omar and Musa (2011); He (2011); Vijayasarathy, (2010); Vesel and Zabkar (2009); Mägi (2003).

The types of questions selected were focused on obtaining respondents' perceptions and attitudes towards the constructs being measured in this study. Table 1.1 below provides a summary of the constructs and sources that will be used in this study.

**Table 1.1: Questionnaire questions and sources**

Variables/Constructs	Literature Source	Number of Items
Personal interaction quality	• Vesel and Zabkar (2009)	4
	• Eid, Al-Sabbahy and Lockwood (2011)	3
Loyalty programme quality	• Vesel and Zabkar (2009)	4
	• Omar and Musa (2011)	5
Economic shopping orientation	• Mägi (2003)	4
	• He (2011)	1

<b>Variables/Constructs</b>	<b>• Literature Source</b>	<b>Number of Items</b>
Apathetic shopping orientation	<ul style="list-style-type: none"> <li>• Mägi, (2003)</li> <li>• Oliver Arnd and Anja (2014)</li> </ul>	4 1
Personalisation shopping orientation	<ul style="list-style-type: none"> <li>• Mägi (2003)</li> <li>• Beomjoon and Hyun (2013)</li> <li>• Vijayasarathy (2010)</li> </ul>	4 1 1
Satisfaction	<ul style="list-style-type: none"> <li>• Beomjoon and Hyun (2013)</li> <li>• Vesel and Zabkar (2009)</li> </ul>	3 3
Loyalty	<ul style="list-style-type: none"> <li>• Beomjoon and Hyun (2013)</li> <li>• Vesel and Zabkar (2009)</li> </ul>	2 3

The questionnaire's cover letter clearly informed respondents about the study's aim, that their participation was voluntary, that the respondent were able to exit the questionnaire at any point during its completion, how the data will be handled and stored, and information on confidentiality. The cover letter provided the researcher's contact details should the respondent wish to make contact. The researcher included a mandatory consent-to-participate question before the respondent is able to proceed to the next question. Additionally, screening questions were included to ensure that only respondents between the ages of 18 and 65 years who have purchased at a grocery store using their loyalty programme card in the past six months within the Gauteng area completed the questionnaire. There was no record of respondents' personal contact details. The questionnaire method allowed for immediate data collection and upheld anonymity and confidentiality. Appendix 1 provides a view of the questionnaire used in this study.

A pilot was conducted with 20 respondents in order to refine the electronic questionnaire and ensure that the questions were clear and easy to understand for the actual sample population.

### **1.6.3 Data analysis**

The data collected was used to measure the levels of agreement with respect to items on, loyalty programme quality, personal interactive quality, shopping orientation, satisfaction, and loyalty. The data analysis process consisted of four stages: description, interpretation, conclusion, and theorisation (Quinlan, 2011:364-365).

#### **1.6.3.1 Descriptive statistics**

According to IBM SPSS (2012), descriptive statistics such as frequency, percentage, standard deviation, and means were calculated in order to describe the sample and verify the variables used. The distribution of the data (i.e., skewness and kurtosis) was tested to ensure that the data analysis is based on a normal distribution (Zikmund, Carr, Griffin & Babin, 2013). Chapter 5 (Section 5.5) discuss the descriptive statistics in more detail.

Both exploratory and confirmatory factor analysis were applied to the study's data; this is discussed further in Chapter 5 (Section 5.6). In addition, stepwise multiple regression analysis was applied in the study to take a closer look at the interrelationship of the variables (Zikmund et al., 2013). The normality of the data (i.e., skewness and kurtosis), the outliers' overall location, and the linearity between variables, which can be viewed through scatterplots, was also explored.

## **1.7 Limitations**

The limitations of this study include the lack of accessibility to loyalty programme databases in South Africa due to confidentiality restrictions. The research would have been richer if it could gain insights into customers' perceptions of those users currently active in each programme type. Another limitation is that the entire population could not be surveyed due to the large size of consumers; hence the researcher selected the area of Gauteng for this study.

All known respondents were residing in Gauteng and there is a mandatory screening question asking respondents to confirm their residing province, coupled with a message at the end of completing the questionnaire which requested respondents to forward the questionnaire to other respondents residing in Gauteng. There are factors that may have influenced customers' questionnaire response, such as economic environment, fuel price increase, inflation, etc. All of these factors may influence purchasing behaviour and affect the perceptions of customers at the time of completing the questionnaire .

## **1.8 Ethics**

The most important concern under the ethical stance of the study is obtaining ethical clearance. The study questions were approved by the College of Business and Economics' Research and Ethics committee at the University of Johannesburg. The ethical clearance document can be found in Appendix 2. The most common concerns that arise in research studies employing online methods include ensuring anonymity, maintaining confidentiality, and obtaining informed consent in a virtual setting (Moreno et al., 2013; Eynon, Fry & Schroeder, 2011; Keller & Lee, 2010). The questionnaire used in this study stated that the completion of the questionnaire is voluntary, confidential, and anonymous, that feedback will only be used for this study, and that the participant is able to withdraw from completing the questionnaire at any time (Saunders et al., 2019).

The researcher ensured that all participants completing the questionnaire have given consent to share their feedback for research purposes, by including a mandatory screening question seeking consent before respondents continue the questionnaire. The study was not directed to vulnerable respondents, with screening questions prohibiting respondents below 18 or over 65 from responding. Lastly, no harm or injury had occurred during the online administration of the questionnaire.

The questionnaire enclosed a detail account of the study, including a readily available link that provides contact information, study aims, the data collection procedure, potential benefits and harms, and steps taken to maintain anonymity and confidentiality of the participants. The questionnaire clearly explained the study's aim, the researcher's details for additional information, and the process applied to securely store respondents' data within the university electronic storage facilities, which is in line with the university's regulations.

## **1.9 Conclusion**

This study aimed to determine the constructs that influence customers' satisfaction of and loyalty to supermarket loyalty programmes in South Africa. This study made use of a quantitative questionnaire approach and insights collated from past research to build a deeper understanding to the existing body of knowledge on customer satisfaction and loyalty programmes. The findings from the data results will assist South African supermarkets to develop suitable loyalty programme offerings based on an understanding of the factors that influence customer satisfaction of and loyalty to their loyalty programmes.

## 1.10 Discussion of terminology

Throughout this study, key terms will be used:

**1.10.1 Loyalty programme:** Loyalty programme can be defined as the organisation's structural effort that provides customers with loyalty programs such as points or discounts in order to increase customers' attitudinal and behavioural commitment, to the organisation's market offers (Razaghi, 2014).

**1.10.2 Supermarket:** a large grocery store selling foods and household goods (Borraz, Dubra, Ferres & Zipitría, 2014)

**1.10.3 Retail industry:** The environment where the exchange of retail-categorised goods and services are sold, such as appliances, electronics, apparels, and consumables (Smyth, 2019).

## 1.11 Chapter layout

The chapter layout provides a summary of the proposed chapters in the research proposal.

**Chapter 1:** This chapter introduced and contextualised the retail landscape, supermarkets, the loyalty programme landscape, and the success of supermarket loyalty programmes in achieving loyalty and repeat purchases. An overview of the study was presented, as well as supporting literature and the research methodology.

**Chapter 2:** This chapter will provide a deeper understanding the retail industry globally and within South Africa, supported with data insights from the retail performance over the past year.

Chapter 3: This chapter will focus on the theoretical underpinning of the study, describing how behaviour, satisfaction, and loyalty shape consumer perception towards loyalty programmes. The constructs that will be measured in the study will also be discussed.

Chapter 4: This chapter will describe the methodology that will be used in this study, including details on the quantitative questionnaire used to collect data and how the sample will be collected. The study's limitations will also be reviewed.

Chapter 5: This chapter will consist of the data analysis and interpretation of the research data. The data retrieved from the questionnaires will be coded with the help of descriptive statistics and factor analysis to test the hypotheses related to consumers' perceptions of supermarket loyalty programmes.

Chapter 6: This chapter will provide the conclusions and recommendations from this study. This chapter will discuss how the research undertaken could contribute to supermarkets' loyalty programmes within the retail industry.





## **CHAPTER 2**

### **THE SUPERMARKET RETAIL ENVIRONMENT**

#### **2.1 Introduction**

The global retail industry contributed to sales of over US \$26 trillion in 2020 and is expected to grow to over US \$29 trillion by 2023 (Statista, 2020c; Statista, 2019c). The global retail industry environment is exposed to fluctuating economic climates, high competition, and saturated markets (Nair, 2018). Despite the fluctuating economies, it has still managed to be the industry that attracts a large number of businesses compared to other industries (Nair, 2018). The attractiveness of the global retail industry over the years has contributed to the industry's share of over 31% of the total global gross domestic product (GDP) (Statista, 2019c).

Consumer spending is regarded as vital for keeping the retail industry productive and contributing to global growth in GDP. Due to the increase in competition in the global retail industry, however, customer spending is now being stretched across many more retailers (Bizcommunity, 2019). The exposure to more retail businesses has created large amounts of competition because of consumers' limited spend among the existing and new retailers. According to Hoffmann (2013), retailers are now realising that in competitive cost constrained environments where they are unable to continuously re-innovate product offerings, they can leverage the satisfaction profit chain, through increasing performance variables related to products and services (i.e., loyalty programmes). Loyalty programmes can improve customer satisfaction, which leads to increased customer retention (i.e., loyalty), and in turn results in higher revenue and profit for the supermarket store (Hoffmann, 2013). The result is that many retailers are introducing loyalty initiatives to retain customers in order to overcome the competition in the global industry (Mandina & Karisambudzi, 2016). The next section delves deeper into the retail industry globally and in Africa.

## **2.2 Retail and retail industry defined**

For this study, the term “retail industry” is defined as the environment where the exchange of retail-categorised goods and services are sold, such as appliances, electronics, apparels, and consumables (Smyth, 2019). Studies show that sales take place in general stores and kiosks, which are regarded as the initial forms of retail; this can be considered to be the link between the producer and the individual consumer who buys for personal consumption (Ahmed, 2012).

Traditionally, retail took place in a brick and mortar environment; however, technological advancements such as the shift from retail to online environments and the rise of digitalisation of payment methods have created a whole new environment for the traditional retail industry to compete and survive in (Borsboom & Lawson, 2018). This has been the catalyst for many traditional brick and mortar retailers to relook at marketing strategies with more focus on retention of existing customers rather than seeking new customers in the global retail environment (Singh, 2018:57; Wollenburg, Hübner, Kuhn & Trautims, 2018). The expansion in the number of global retailers online and in the traditional environment that the customer is exposed to from around the world, as well as the rise in competition between these retailers, has made it more imperative to understand the global retail environment and dynamics faced by this industry (Deloitte, 2020).

## **2.3 The global retail industry**

The global retail industry has played a major role worldwide in increasing production and consumption across a wide range of consumer goods and services. Global retail in the five years up until 2019 obtained a 5% global retail growth rate and contributed to over 31% of global GDP, which has created a large dependency on this industry to contribute to global economic growth (Deloitte, 2020).

The dependency of this sector's contribution can be observed in developing and developed countries such as the United States of America (USA), United Kingdom (UK), China, and South Africa (SA) (Statista, 2020c). Global retail GDP is accountable for a large proportion of these countries' individual GDP. The global retail industry contributed to 6% (US \$7,578m) of the USA's GDP (Deutsch, 2019), 5% (US \$9,366m) of the UK's GDP (Retail Economics, 2019), 15.5% (US \$26,705m) for China, and 0.8% (US \$94m) for South Africa (Silver, 2020).

In early 2020, the global retail environment had shown a different trend to its previous five-year growth trend with a 0.4% drop in February 2020 due to many new market challenges that arose (Statista, 2020c; WARC, 2019). Some of the challenges noted were the competitive landscape of new entrants demonstrating its early effects in the 0.4% drop on retail performance in 2020.

Other challenges noted globally were the decrease in customer spending in basket size, fluctuating inflation, unemployment, trade policies, and the global outbreak of coronavirus from November 2019 that restricted traditional shopping behaviours (Bizcommunity, 2019).

All of the above have made customers more aware of where they spend and get the most value out of their transactions, affecting retail and the economy (Deloitte, 2020; Statista, 2020c). Despite the early downward trend for 2020, economists still believe that global retail sales have the potential to grow to US \$29.76 trillion by 2023 because of the growth potential of key retail players around the world (Statista, 2020c). The table below illustrates who these key top performing retailers are, the revenue generated, and the sector they belong to within global retail for 2019.

**Table 2.1: Top 10 global retailers FY2019**

<b>Rank</b>	<b>Name of company</b>	<b>Global revenue (US \$)</b>	<b>Country</b>	<b>Sector</b>
<b>1</b>	Walmart	\$517bn	USA	Fast moving consumer goods
<b>2</b>	Amazon	\$213bn	USA	Diversified
<b>3</b>	Costco	\$144bn	USA	Fast moving consumer goods
<b>4</b>	Schwarz	\$130bn	Germany	Fast moving consumer goods
<b>5</b>	Kroger	\$124bn	USA	Fast moving consumer goods
<b>6</b>	Walgreens Boot Alliances	\$114bn	USA	Fast moving consumer goods
<b>7</b>	Home depot	\$108bn	USA	Diversified
<b>8</b>	Aldi	\$109bn	Germany	Fast moving consumer goods
<b>9</b>	Carrefour	\$101bn	France	Fast moving consumer goods
<b>10</b>	JD.Com	\$94bn	China	Diversified

Source: Forbes (2020)

The top ten retailers shown above are trading companies operating internationally, with seven out of those ten retailers working in the fast-moving consumer goods (FMCG) sector (Statista, 2019b).

These retail companies are successful because of their ability to leverage economies of scale, their operational efficiency, and importantly, their ability to leverage partnering with other local retailers to increase competitiveness in their pricing, offering, and rewards (Statista, 2019b).

The above-mentioned global merging and partnering across the globe is opening up national markets to foreign global retailers, thus creating high levels of competition that is forcing global retailers to look at drastic ways of increasing sales through new value-add strategies that retain customers (WARC, 2019). Certain areas around the world that are seeing the influx of global retail competition in their retail industry are developing areas such as Sub-Saharan Africa. Sub-Saharan African retail industry is projected to contribute to seven out of the ten fastest growing developing economies in the world, with a growth of 2.6% in 2019 and 2.9% in 2020, despite the overall slow growth of the global retail performance in 2020 (Business Africa, 2020). This area of importance will be discussed further in the next section.

## **2.4 The Sub-Saharan retail industry**

According to Christele Chokossa who is the senior analyst at Euromonitor International, Sub-Saharan Africa is home to 14% of the world's population and by 2030, the region's population will surpass that of China, creating a wider untapped retail segment for businesses to market to (Bizcommunity, 2020).

The retail sales in key retailing markets such as South Africa, Egypt, Morocco, and Algeria, amounted to over US \$500 billion in 2018 (Euromonitor, 2019b). Globally, the GDP growth has decreased by 0.4% in 2020; when isolating Sub-Saharan Africa, this area has a projected GDP growth of 3-4% in 2020 (Bizcommunity, 2020). Rising urbanisation is expected to continue stimulating growth in convenience stores and supermarkets in Sub-Saharan Africa, unlike other global countries (Euromonitor, 2019b). This projected growth in the continent will bring opportunities for business entrants and expansion into the continent, producing a greater need to create a competitive advantage in a competitive landscape (Singh, 2018).

Parallel to this, license agreements, foreign direct investment (FDI), and strategic partnerships between local and international players are set to become key competitive tools to expand the footprints of business entrants in Sub-Saharan Africa, such as Carrefour through Jumia retailers in Kenya and Walmart through Massmart, its South African subsidiary who opened branches in Nairobi through strategic partnerships (Nair, 2018).

The trend of global brands coming into emerging countries in Sub-Saharan Africa is growing specifically because of the rising middle class in South Africa, Tanzania, and Ghana. The growing middle class in Sub-Saharan Africa is said to have disposable income of almost US \$680 billion by 2020 (Signé, 2019). A large number of lower-income consumers are transitioning to middle-income homes and are focused on higher valued products, services, rewards, and benefits, which is an untapped opportunity for many businesses in Sub-Saharan Africa (Nielsen, 2019b).

The way consumers shop in the region is ever-changing and evolving, with a mix of formal and informal sector shopping (Bizcommunity, 2020). The formal sector utilises capital, unskilled labour, and skilled labour in production, and produces a traded good that is both an investment and a consumption good; while the informal sector uses capital and unskilled labour in production, and produces a non-traded consumption good (Ali, 2017). Sub-Saharan Africa is made up of a combination of traditional and informal sectors, where traditional sectors consist of 30.5% and a massive 69.5% is earned from informal channels. These channels vary by market and are influenced by factors such as economy, state of development, consumer preferences, and local culture (Signé, 2019). South Africa is commonly characterised by the growing urban sector market who is keen on entering the formal sector, while Tanzania holds over 76% of its workforce in the informal sector due to low social-economic living standards (Malefakis, 2019; Rogers & Peppers, 2004).

This creates an opportunity for existing formal retail sectors and new entrants to market to newly urbanised consumers, and for informal retail sector customers to purchase goods through the formal retail sector (PWC, 2019).

Sub-Saharan Africa is doing well in growth when compared to global retail growth; however, it would be important to understand how the various global retail sectors perform with their own challenges and opportunities within the global retail environment.

## 2.5 Global retail sectors

The global retail industry consists of various sectors that each contribute significantly to the overall performance of the industry, such as: hardline and leisure goods; diversified; apparel and accessories; and fast-moving consumer goods. The table below illustrates the global sector company performance and contribution out of the top 250 retail companies for 2018.

**Table 2.2: Global retail sector revenue contribution of the top 250 companies FY2018**

Retail sectors	Number of companies in the top 250 list	Average retail revenue (US \$)	Revenue growth
<i>Hardline and leisure goods</i>	54	16,627	7.3%
<i>Diversified</i>	21	11,028	6.2%
<i>Apparel and accessories</i>	39	11,823	4.7%
<i>Fast-moving consumer goods</i>	136	23,187	3.0%

Source: Deloitte (2020)

When reviewing the top 250 retail company performance for 2018 by sector, the hardline and leisure goods sector contributed to revenue growth of 7.3%, and has shown the most growth in Compound Aggregate Growth Rate (CAGR) in the past years since 2013 at 8.3% (Deloitte, 2020; Euromonitor, 2019b). Hardline goods are considered to be merchandise such as hardware, housewares, automotive, electronics, sporting goods, health and beauty aids, or toys. The reason for the increase in the revenue growth of hardline goods is that more of the global market is moving to middle-income households and purchasing homes and vehicles, and improving living standards; this is increasing the need for hardline goods, especially in Africa (Nair, 2018). The Deloitte (2020) report also indicated that this sector has a fair proportion of 54 retail companies positioned in the top 250 retailers of the world, and the second highest average retail revenue.

The diversified sector contributed 6.2% in revenue to the retail industry, with high CAGR ratings of 2.3%; this sector consists of companies who own or operate in several unrelated business segments, and cross-selling between sectors in retail. The Deloitte (2020) report indicated that this sector has a low number of 21 top companies positioned in the top 250 global retail list and contributes to the slowest average revenue across sectors.

Many supermarket brands are starting to venture into the diversified space to broaden their product range and create additional value to retain existing customers (Shi, Lim, Weitz & France, 2018). Walmart was originally regarded as a supermarket store in the FMCG sector but has now diversified into the apparel and hardline goods sector too (Trotter, 2018).

The apparel and accessories sector can be classified as textiles and material used in the process of producing clothing or other related items (Petersson & Fahlén, 2014). Apparel and accessory retailers have a strong international presence, with over 40% of their retail stores located internationally; this has helped maintain this sector's CAGR growth of 6.4% in 2018 and 2.3% more than the previous year in the top 250 performing retail companies. The apparel sector has a fair number of companies (39 out of 250) positioned in the top performing global retail environment. (Deloitte, 2019b).



The top 250 global retail performance indicates that majority of the top performing stores (136 companies) are within the FMCG, which also has the highest average retail revenue (Deloitte, 2020). A similar trend can be seen when looking at the entire FMCG sector of the global retail industry; it is the highest segment of the global food and grocery retail market, accounting for 72.8% of the global retail industry's total value and holding more than 54% of the retailers in this sector (Marketline, 2020). The global FMCG market size was valued at US \$10 billion in 2017 and is projected to reach US \$15,361.8 billion by 2025 due to the continuous growth in the consumer market and untapped opportunities in developing markets (Marketline, 2020).

From the above explanation, customers are still heavily focused on FMCG goods due to the sector obtaining the highest average revenue in 2018, even though the percentage growth year-on-year has slowed down due to the large amount of competition that this sector experienced (Mckinsey & Company, 2018).

One particular country that has a growing FMCG sector is South Africa. South Africa's GDP is set to trend around 1.80% in 2021. Part of this growth can be attributed to private consumption, which could contribute to a definite future for sustained development of the FMCG sector in the country (Trending Economics, 2020). There has already been a new field of retailers emerging to capture consumers' attention and wallets in South Africa (Talevi, 2019). This country will be explored in detail to understand the dynamics facing their retail industry and the sectors within (Nielsen, 2018).

## 2.6 The retail industry in South Africa

The retail industry in South Africa contributed to US \$64bn in 2019 and has shown a constant growth in performance year-on-year since 2013, unlike the entire global retail industry (Statista, 2020a). The retail industry in South Africa is expected to grow to US \$94m in 2020, of which 99.8% of sales will be through offline channels, according to Statista (2020). Revenue is expected to show an annual growth rate of CAGR of 7.3% between 2020 and 2024, resulting in a market volume of US \$125m by 2024 (Statista, 2020). The positive growth performance of South Africa is due to high household and consumer expenditure on retail goods (Statista, 2020).

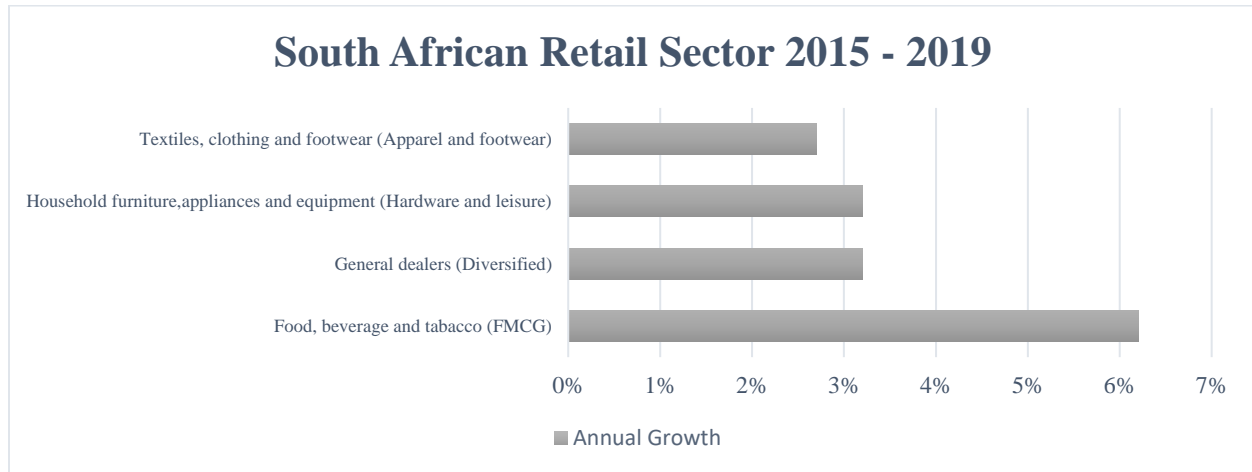
South Africa has the highest per capita economy in Africa, and the highest per capita expenditure on retail goods on the continent. South Africa is also the largest foodservice market in Sub-Saharan Africa. This foodservice sector alone is projected to have an expected 11.8m users by 2024 (Statista, 2020).

More South Africans are willing to spend a larger portion of their disposable income on retail goods and services, making this country a growth opportunity and an attractive market for retailers (Radebe, 2020). South Africa is also seen by many retailers as the gateway to Africa, despite the economic challenges mentioned earlier, with many investing in and using South Africa as a launch pad into fast growing African markets (Nielsen, 2018).

When viewing the sales contribution of retail stores within South Africa's economy, the retail trade sectors are seen to comprise of various sectors: food and beverage retailers contributing 9% of national sales; textile and clothing contributing to 18%; other sectors such as household appliances, equipment, and hardware contributing between 4% and 7%; and a massive 44% produced by general dealers (StatsSA, 2019b).

The figure below depicts the annual growth over a five-year period across the retail sectors in South Africa.

**Figure 2.1: South African retail sector's annual growth, 2015-2019**



Source: Adapted from StatsSA (2019b)

According to South Africa's retail sector's annual growth from 2015 to 2019, retail trade sales increased by 2.6% year-on-year in November 2019. The highest annual growth rates were recorded for retailers in food, beverages, and tobacco, which is also known as FMGC (6.2%); general dealers which includes stores that offer product ranges across sectors (i.e. diversified) (3.2%); retailers in household furniture, appliances and equipment (3.2%); and retailers in textiles, clothing, footwear and leather goods (2.7%) (Stats SA, 2019b).

The food, beverage and tobacco sector (also known as the FMCG sector) contributes to 8.5% of total retail sales, making it a sector of opportunity for the growing market (Statista 2019). From the figure above, which depicts South Africa's retail sector annual growth, it is clear that the food, beverage, and tobacco sector (FMCG) provides the most contributions to the retail industry growth and is seen as an important sector to focus on for both local and international entrants in South Africa (Siegener, 2019).

In conclusion the FMCG sector's high contribution, locally and globally recognised growth opportunity further support the growing need of retailers to reconsider new ways to overcome competition, win over customers' limited spend and achieve customer retention through loyalty programmes (Hoffmann, 2013; Thumas, 2019).

## **2.7 Challenges faced in the global retail industry**

A lot of global retail companies are faced with certain challenges, such as resource availability, absence of automated systems, or outdated product offerings (Businesstech, 2020), which have a negative effect on the work of the whole business globally. Some of these global challenges are discussed below.

### **2.7.1 Constantly changing and evolving customer expectations**

The biggest challenge in the retail industry is the ability of businesses to quickly adapt and meet changing customers' needs (Businesstech, 2020). As a result of trade policies, inflation, economic fluctuations, and rapid technological advancements, many companies have not been able to adapt and be flexible to customers' needs in the past few years (Grewal, Roggeveen & Nordfältb, 2016). Magatef (2015) states that companies should focus on the changing need of their existing customer base rather than focus on attaining newer customers, which could become more costly to the business in the long term.

### **2.7.2 Maintaining customer base through loyalty**

Good customer experience is a key factor in creating brand loyalty. Due to the increased competition and entries of new businesses into the global retail industry, companies have begun to realise the importance of keeping their customer base through retention strategies (Askew, 2018).

The customer experience that stores provide through in-store, personal interactions and loyalty offerings will formulate a unique combination of differentiation and exclusivity that will be difficult to emulate by competitors creating customer satisfaction, and ultimately customer loyalty (Cho, Kim & Kim, 2015; Samuel, 2018).

### **2.7.3 Challenges of digital disruption**

The growth of eCommerce has resulted in consumers having plenty of choices in the way they purchase goods and services (Euromonitor, 2018). In the past, customers would usually go to the internet to search for product information and compare the price, but still buy the product offline. Recent customer behaviour trends state that customers have now started to seek convenience more now than ever, particularly during the global Covid-19 outbreak; this means that the traditional in-store behaviour will likely change (Meyer, 2020; Lalwani, 2017). Customer trends indicate that real-time offerings and customised offerings draw customers to offline stores; the ability of retailers to meet these customers' loyalty needs requires technological adoption in systems, processes, and marketing (Deloitte, 2019a). The challenge is that if retailers do not adopt innovation to support their loyalty offering in store, customers may resort to other options of purchasing the same product through different channels (Samuel, 2018).

### **2.7.4 Political uncertainty affecting global retail trade**

Uncertainty will continue to be the single biggest challenge facing the global retail industry in 2020. Rising trade barriers and geopolitical tensions, from the evolving USA-China trade war, social instability in Hong Kong, Brexit, the USA election-year trade politics, and Covid-19 restrictions, could make it particularly difficult for companies to plan their businesses in both the short-run and long-term (Marsh, 2020, Meyer, 2020). The World Trade Organisation (WTO) recently reported a 37% increase in restrictive trade measures taken by G20 members in 2019 compared with a year earlier, which will add to the challenges yet to come in the industry (World Trade Organisation, 2019).

Attaining new customers will be challenging for retailers because of the numerous barriers mentioned above. In response, retailers are realising that there is profitability in retaining existing customers through loyalty strategies focused on understanding customers and responding to their needs promptly (Wollenburg, Hübner, Kuhn & Trautims, 2018).

The supermarket retailers are regarded as the most affected by the technological, political, and consumer challenges mentioned above (Thumas, 2019). The global supermarkets will be discussed next, to understand their role in global retail and performance trends.

## **2.8 Global retail supermarket trends**

The supermarket environment refers to the business of selling foodstuffs and fast-moving goods (FMCG) in a retail environment (Aadland, 2012). The supermarket environment is within the global FMCG sector of retail. The global supermarket environment is one particular area within the global FMCG that successfully grew the most when compared to other areas within FMCG in the global retail industry, contributing to over 72.8% of the total global retail industry's turnover (Statista, 2019). Globally, modern retailer formats such as supermarkets have replaced or phased out traditional small-scale, family-owned grocery shops due to traditional stores not being able to provide larger varieties and product lines that supermarkets are able to offer at larger scales (Altenburg, Kulke, Hampel-Milagrosa, Peterskovsky & Reeg, 2016).

The top 10 of the top 250 retail companies in 2018, which was presented in Table 2.1 under the global retail section, consisted of seven large FMCG supermarket brands; this demonstrates that supermarkets have been able to successfully operate in FY2019 by leveraging mass-production and introducing multiple stores globally to create value-added offerings to reach success (Deloitte, 2020; Forbes, 2020).

The ease at which many global supermarkets are entering countries is becoming a growing concern for existing supermarkets as more competition will fragment the market and increase competitiveness (KPMG, 2019). If supermarkets do not produce long-term competitive solutions, they will be letting US \$200 billion to US \$700 billion in revenues shift to new entrants, and to online and non-supermarket channels, especially if they do not have an online strategy (Kuijpers, Simmons & van Wamelen, 2018).

In recent trends, supermarket stores are coping with additional competitiveness in the global market by increasing their footprint and offering express stores, convenience-on-the-go stores, or pop-up stores that help create smaller stores that stock fresh products in cost-effective ways (Askew, 2018). Studies also indicate that unlike other FMCG companies, supermarkets have the ability to easily obtain foreign direct investment into developing countries and erect supermarket chains in untouched markets where they are more welcomed by the developing markets because of their wider product availability and employment opportunities (Nair, 2018). Tesco, Carrefour, and Costco are examples of supermarkets that have ventured out globally and reached financial success (Carpenter, 2019).

Majority of global supermarket success is due to their expansion into developing countries, which is where there are many opportunities to increase footprint and sales; one particular country that is open to this expansion is South Africa because of its growing market and its links to rest of Africa (Nair, 2018).

## **2.9 The retail supermarket environment in South Africa**

According to Emongor (2008), the supermarket environment in South Africa has evolved dramatically from the 1940s to the present date. OK Bazaars was the first company to introduce supermarkets in South Africa in 1948 (Emongor, 2008; Strydom, 1989). This implies that supermarkets have been in existence in South Africa more than 60 years, thus contributing to retail performance.

Developing countries such as South Africa have had the highest influx of supermarkets in Africa over the past 10 years, and as the supermarket environment continues to thrive and spread out across South Africa through local and international brands, so has the competition for their customers' limited share of wallet (Wathigo, 2016; Deloitte, 2019b). In addition, South African local supermarkets are expanding, with a solid growing footprint into other African countries. This is providing a gateway to the rest of Africa for companies from the USA who are doing business in South Africa, with potential business partners to Sub-Saharan Africa (e.g., Massmart's introduction into Kenya).



Improvements in foreign investments and an increasing influx of international brands are making it possible for supermarket retailers to change the retail scene in South Africa by introducing more stores and product categories to the market. Due to the increase in FMCG supermarkets and product categories, the FMCG supermarkets form the leading distribution channel in the South African food and grocery retail market, accounting for a 59.4% share of the total market's value (Marketline, 2020). The value of supermarket sales in South Africa totalled about US \$23.1 billion in 2017 and is expected to reach US \$63 billion by 2023 (Marketline, 2020; Statista, 2019).

According to Deloitte (2019b), retail supermarkets are the area with the largest potential for retail growth in the South African retailer environment. The popularity of retail supermarket chains continues to rise among the largest portion of low- to middle-income South African consumers (Euromonitor, 2019b; Farfan, 2019). Rapid urbanisation and the related shift from rural to urban living, as well as the expansion of the middle class, have resulted in a rise of single households driving demand for products. This rise in consumer demand creates the opportunity for greater exposure to international brands and the customisation of products, as well as the need for expanding various payment processes, such as barcode, reward points, or e-payments, to more easily facilitate these purchases (Ntloedibe, 2019).

The supermarket environment of South Africa is categorised by stiff and increasing competition coupled with shifting consumer needs and preferences (Marketline, 2020). Due to this increasing competition, many supermarkets are trying to retain existing customers through loyalty tactics such as loyalty programmes, which have become a popular tactic in South Africa (Claasen, 2019). The top four South African supermarkets (Shoprite Holdings, Pick n Pay, Spar, and Woolworths) have been able to maintain growth and find loyalty solutions to overcome new entrants, rivalry, and substitutes, which will be discussed in the next section (Claasen, 2019).



The South African supermarket sector is highly concentrated with the top four companies of Shoprite Holdings, Pick n Pay, Spar and Woolworths accounting for about 80% of all retail sales since 2012 (Marketline, 2020). When taking a closer look at the supermarkets in South African, the top four performing supermarket retailers in South Africa stand out by their large market share and revenue in the top 250 retailers globally in 2018. Shoprite Holdings is followed by Spar, Pick n Pay, and then Woolworths, in revenue for 2018. (Deloitte, 2020). These supermarket stores have been able to hold strong positions in the retailer space due to their partnerships and unique retention strategies: for example, Woolworths' partnership with Engen has maintained dominance in convenience stores with the expansion of its food chain stores; Pick n Pay and British Petroleum (BP) continues to convert stores into Pick n Pay express stores to service the lower-income consumers; and Shoprite Holdings, a significant player in the supermarket environment, benefits from the success of its franchise chain stores that have their own identity and personality, and offer shopping facilities appropriate for the market in which they trade (Ntloedibe, 2019). The success of these supermarkets can be observed in Deloitte's (2020) top 250 global retailers of 2018, which illustrates the magnitude of South Africa's supermarket reach and growth globally (see Table 2.3 below).

**Table 2.3: South Africa's top performing retailers from the 250-top performing global retailers of 2018**

#	Retailer	Countries	FY2017	FY2018	%Change	5Y CAGR
			Revenue (US \$m)	Revenue (US \$m)		
100	Shoprite Holdings (Checkers)	15	11,294	10,586	6.2%	8.0%
132	Spar Group	12	7,252	7,867	7.8%	16.6%
162	Pick n Pay	7	6,225	6,513	4.4%	6.9%
205	Woolworths	14	5,332	5,039	5.4%	12.5%

Source: Deloitte (2020)

Shoprite Holdings (which includes the Checkers group) ranked 100th out of the top 250 global retailers for 2018; this is far ahead of Spar (132nd), Pick n Pay (162th), and Woolworths (205th). Over a five-year period, Spar has shown the highest CAGR of 16.6%, with Woolworths following at an annual growth rate of 12.5%. Pick n Pay showed the lowest growth at 6.9%, while Woolworths and Spar were both ranked among the top 50 fastest-growing retailers list published in the same Deloitte (2020) report. Spar was ranked as the 29th fastest-growing retailer (out of 50), and Woolworths ranked 38th (Delotte, 2020).

When taking a closer look into Shoprite Holdings' performance, Shoprite Holdings' CAGR since 2012 has been 8.0%, with majority of the group's growth contributed by the supermarket category (Shoprite Holdings Ltd, 2019). Shoprite's supermarket brand is focused on discount offerings through coupons, specifically targeted toward the lower-income market; at the time of the study, this supermarket did not own a true loyalty programme offering (Shoprite Holdings Ltd, 2019), which limits their ability to obtain customer data and build a customer base, excluding it from this study.

One of Shoprite Holdings' other leading supermarket brands, known as Checkers supermarkets, received an increase in market share (31.7% FY2018), saw year-on-year growth, increased its reach in network, and launched their Checkers FreshX stores and a loyalty programme (Xtra Savings). The Checkers loyalty programme enabled them to develop a customer base through their registered customers, making it a leading contributor to Shoprite Holdings' growth (Shoprite Holdings Ltd, 2019 Shoprite Holdings Ltd, 2020). For the reasons mentioned above, this study will focus on Checkers under the Shoprite Holding group.

Table 2.3 indicates that industry leaders who have been in existence for longer (Pick n Pay) have started to show a slower CAGR and the lowest percentage change in revenue year on year. Although Pick n Pay has had the longest running loyalty programme in the South African supermarket environment, which has been a competitive factor since its inception, it has seen the slowest growth (Pick n Pay, 2020).

Woolworths have a distinct consumer market to which they offer unique higher-end product offerings, and they have been able to maintain revenue and grow the second highest in CAGR (Omarjee, 2017). The Shoprite and Spar supermarkets have shown significant positive five-year CAGR, with Shoprite Holdings' growth accounted for by the growing low- to middle-income market that their Checkers supermarket brand serves (Shoprite Holdings Ltd, 2017).

The top performing supermarkets in South Africa, which were presented in Table 2.3 above, are discussed in more detail in Table 2.4 below.

**Table 2.4: Overview of the top performing South African supermarkets from the Deloitte's (2020) top 250 global retailers in 2018.**

Name	Market share and CAGR	Number of Employees	Overview	Market segment
Checkers	<ul style="list-style-type: none"> <li>Market Share: 11.8%</li> <li>Market share is said to grow under the support of Shoprite Holdings' global strategy of increasing its footprint</li> </ul>	138,000 employees	<ul style="list-style-type: none"> <li>This chain exists under the Shoprite Holdings brand. Currently has over 202 supermarket stores in Africa.</li> <li>Strategy is focused on the growth of its share of spend in the middle-to-higher income segment of the market.</li> <li>Strategy has focused on quality and value through their unique product categories</li> </ul>	<ul style="list-style-type: none"> <li>LSM (Living standards measure) 4-8 consumers</li> <li>Its sister brand Shoprite focuses on lower-income groups; hence Checkers has focused their strategy on middle- to</li> </ul>

Name	Market share and CAGR	Number of Employees	Overview	Market segment
Checkers (continued)	and reach in Africa.		<p>such as globally sourced cheese and wine range, which helps it compete in the Woolworths market.</p> <ul style="list-style-type: none"> <li>Houses an in-store discount rewards programme</li> </ul>	higher-income groups to increase the spread of reach for Shoprite Holdings.
SPAR	<ul style="list-style-type: none"> <li>Market Share: 28%</li> <li>CAGR: 16.6 %</li> <li>SPAR has the second highest market share and year-on-year growth.</li> </ul>	100,800 employees	<ul style="list-style-type: none"> <li>Primarily a wholesaler and distributor of goods and services to SPAR supermarkets, Quick SPAR, TOPS at SPAR liquor stores, and SPAR pharmacy and healthcare.</li> <li>Has 1000 stores in South Africa.</li> <li>Strategy is focused on increased footprint, sustainability, and value to the customer.</li> <li>Have been able to improve the brand perception of the company through its diversification into the supermarket, health care, alcohol, and</li> </ul>	<ul style="list-style-type: none"> <li>LSM 6-8 consumers</li> <li>Original strategy was directed at lower LSM groups, but their strategy evolved in 2010 to focus on middle-to higher-income groups through unique product categories such as SPAR' affordable</li> </ul>

Name	Market share and CAGR	Number of Employees	Overview	Market segment
SPAR (continued)			<p>convenience store range.</p> <ul style="list-style-type: none"> <li>• House an in-store instant rewards programme.</li> </ul>	<p>branded products to locally sourced wine.</p>
Pick n Pay	<ul style="list-style-type: none"> <li>• Market share: R 29,301,080,061</li> <li>• CAGR: 6.9%</li> <li>• Obtained a competitive market share yet slow year-on-year growth due to more competitors in the consumer segment.</li> </ul>	85,000 employees	<ul style="list-style-type: none"> <li>• This chain exists under the Pick n Pay Group.</li> <li>• Operates over 106 supermarket stores in South Africa.</li> <li>• In a partnership with BP service stations where they have PnP Express stores.</li> <li>• Strategy is to provide great value, service, and innovation for customers.</li> <li>• Strategy is focused on loyalty through partnerships in a points-based programme.</li> </ul>	<ul style="list-style-type: none"> <li>• LSM 4-8 consumers</li> <li>• Has a wide reach of customers that they focus on, and product categories to suit each market (i.e., No Name branded products to higher-end product ranges that are globally sourced).</li> </ul>
Woolworths	<ul style="list-style-type: none"> <li>• Market Share: 27.6%</li> </ul>	46,000 employees	<ul style="list-style-type: none"> <li>• Operates 218 full supermarket stores and 420 food stores alone in South Africa.</li> </ul>	<ul style="list-style-type: none"> <li>• LSM 8-10 consumers</li> <li>• Have been able to meet</li> </ul>

Name	Market share and CAGR	Number of Employees	Overview	Market segment
Woolworths (continued)	<ul style="list-style-type: none"> <li>• CAGR: 12.5%</li> <li>• Holds high market share and year-on-year growth within the niche customer market that they serve</li> </ul>		<ul style="list-style-type: none"> <li>• In partnership with Engen service stations where they have Woolworths express stores.</li> <li>• Strategy is focused on providing their customers with consistent superior quality, flavour, safe, and innovative food at great value.</li> <li>• Their superior quality strategy offers a competitive advantage to the brand in the higher-end consumer market. There is no other leading brand in this area, which sets Woolworths as the leader in LSM 8-10</li> <li>• House an in-store discounts/ points-based rewards programme.</li> </ul>	the higher-end market needs through their unique product ranges, such as vegan, organic, and internationally renowned brands or products not easily available in South Africa.

Retail expansion, retaining customers, and providing value to their customers is seen as a key trend in these South African supermarkets' strategies. All of these stores have launched their own loyalty programmes or loyalty offerings in the past decade, which contribute to their ability to retain customers and grow their customer base. They have also ventured into Africa and increased their footprint. A shared understanding of retaining customers through loyalty is seen as a top priority and common tactic across these supermarkets in order to achieve permanent connections with clients based on a strong relationship built from the onset between store and customer (Ranabhat, 2018).

A competitive price is increasingly the single determinant in the choice of shopping destination, and supermarkets are responding with innovative mechanisms through loyalty tactics to communicate value to shoppers, from loyalty points to cashback or loyalty discounts, which is common in these supermarkets (Singh, 2018).

In addition to pricing, the customer experience is also becoming a growing trend in South African supermarkets, with many having introduced streamlined digital payment systems and engagement channels through applications that facilitate customer satisfaction with the supermarket brand (Boyle, 2019). In addition to improving customer experience, many South African supermarkets are introducing small stores or pop-up stores that are cost-effective, conveniently located, and adapted to serve customers based on geographical location (Euromonitor, 2019b). These top performing supermarkets continue to steadily grow revenue. Their loyalty offers will be discussed in section 2.10.

## **2.10 Loyalty programmes offered by the supermarket sector of South Africa**

Over the past few years, the use of loyalty programmes has grown year on year in South Africa due to the country being a developing country with many opportunities for both domestic and foreign retailers wanting to enter the market (Bizcommunity, 2020; lol, 2020). In South Africa, there are over 100 active loyalty programmes, of which 75% of South Africans are members, with majority falling within the supermarket industry (Tritech Media, 2018; Truth Brandmap, 2018; Oosthuizen, 2014).

According to the Nielsens study on South African loyalty, monetary rewards are more highly valued in South Africa than in the rest of the countries in the region (Bizcommunity, 2017). Nearly seven in ten South African loyalty-programme participants prefer rebates, cashback, or product discounts as the top three types of rewards.

Many customers went on to say that loyalty programmes are more likely to make them continue to do business with a company and that they only join loyalty programmes to get free products or discounts (Tritech Media, 2018). Loyalty programmes also create competitive advantage by reducing customers' likelihood to switch stores, and with all things being equal, customers will buy from a retailer with a loyalty programme over one without (Bizcommunity. 2017).

When looking at the performance of South African supermarkets in the top 250 global retailers of 2018 (i.e., Spar, Shoprite Holding - Checkers, Pick n Pay, and Woolworths), majority of them have launched loyalty programmes in the past year. The later adopters of loyalty programmes, such as SPAR who only launched their loyalty programme in 2018, received the higher CAGR; however, industry leaders such as Pick n Pay, who launched their loyalty programme ten years ago, received the lowest CAGR (Deloitte, 2020). This indicates that customers are becoming less loyal to a particular brand loyalty programme in South Africa and that customers are joining multiple loyalty programmes in search of the better offer (Businesstech, 2019).

The loyalty programmes that will be reviewed in this study will be from the top performing South African supermarket retailers in the Deloitte's (2020) report on the top 250 global retailers in 2018: Spar; Shoprite Holdings with a focus on Checkers since the Shoprite brand does not have a pure loyalty programme, as discussed earlier; Woolworths; and Pick n Pay.



These four supermarket brands have true loyalty programme offerings that require consumer registration, which allow them to create and grow their customer database through loyalty rewards, which is critical for this study's investigation. An overview of these supermarket stores was presented earlier in the South African retail supermarket environment section. In the sections that follow, the loyalty programmes for each of the four supermarket brands are discussed.

### **2.10.1 Shoprite Holdings – Checkers supermarkets**

Shoprite Holdings' first supermarket brand known as Shoprite supermarket stores will not be considered for this study due to the brand not having a true loyalty programme offering for their lower-income market that they serve at the time of completing this study, which limited their ability to create and grow a customer database to build customer relationships (Shoprite Holdings Ltd, 2020), thus making it irrelevant for this study. Another leading supermarket brand under the Shoprite Holdings group is known as the Checkers supermarket stores in South Africa.

Checkers has been able to hold market share and growth due to their growing Checkers reach and loyalty programme that was launched in 2019, and serves the lower LSM of 4-7 market, who are considered to be the majority of South Africans (Nielsen, 2019b; Shoprite Holdings Ltd, 2020). Checkers' loyalty programme's advantage is their growing registered customer database, which makes it beneficial to include in this study. Not all loyalty programmes have this feature of a registered customer database, such as Shoprite's discount offer to customers without any type of registration needed to collect customer data.

The Checkers Xtra Savings loyalty programme, which was launched in 2019, provides instant cash savings for purchases of specific goods on promotion to all customers who have signed up, irrespective of shopping history, frequency, or spend (Shoprite Holdings Ltd, 2019b). As of October 2019, Checkers have signed up 1 million customers to their programme (Business tech, 2019). Their loyalty programme focuses on immediate rewards, unlike the other brands discussed in this study (Berman, 2006).

The Checkers strategy has moved away from a points-based loyalty to instant rewards, as they feel this type of loyalty programme is both profitable and valuable for the store and customer. Customers can sign up for the loyalty programme in store, by downloading the application or through WhatsApp. Checkers' strategy is to be located in rural and township areas to transition informal retail customers to formal customers and to target lower-income households with lower-price offers (Shoprite Holdings Ltd, 2017).

### **2.10.2 Spar**

Spar launched their MY SPAR Rewards in 2017. The My SPAR Rewards loyalty programme sends customers monthly electronic product coupons that will be redeemed automatically when they swipe their MY SPAR Rewards card or quote their cell phone number at till points. The customer is requested to provide their cell phone number to sign up online or in store. Customers are then able to collect points on purchases, which can then be exchanged for instant discounts or rewards when a customer purchases goods again (Gauteng Province Quarterly Bulletin, 2012:6).

This loyalty programme has a 62% active user rate according to the 2018 Loyalty Programme Member Engagement questionnaire, with 60% of members indicating that they would suggest this loyalty programme to someone else and are happy with the rewards and benefits that Spar offers (Tritech Media, 2018).

### **2.10.3 Pick n Pay**

Pick n Pay launched their smart shopper loyalty programme in 2011. This loyalty programme provides 'smartshopper' points for every transaction of selected goods purchased. The points collected can then be used to discount future purchases at Pick n Pay stores or partner stores.

Over the years, Pick n Pay's loyalty programme has emerged to be the largest supermarket reward programme due to its multi-partner offering that allows customers to earn and redeem smart shopper currency through multiple partners and use the currency as a form of payment. To facilitate sign-up and engagement with the programme, Pick n Pay have a mobile app that facilitates the personalised discounts that are loaded weekly for each member, called a 'Smart Shopper'. Pick n Pay also has multiple touch points where customers can claim discounts, such as kiosks in-store, via email, or on the Pick n Pay mobile app. The loyalty card is then swiped at the till to get the savings when purchasing the qualifying products.

Pick n Pay currently has 7 million active customers on the programme (lol. 2020). This loyalty programme has an 85% active user rate according to the 2018 Loyalty Programme Member Engagement questionnaire, with 70% of members indicating that they would suggest this loyalty programme to someone else and are happy with the rewards and benefits that Pick n Pay offers (Tritech Media, 2018).

#### **2.10.4 Woolworths**

The Woolworths WRewards programme is not a traditional points-based programme; instead, customers enjoy instant savings on their till slip at point of sale (POS), and on the Woolworths App, product voucher offers, and up to 3% cashback when buying with their Woolworths Credit card. The WRewards programme in its current format has been in operation since September 2010, with customers saving a total of R538m during the period of June 26, 2017 to June 24, 2018 (Woolworths, 2020).

Woolworths uses the tiered system approach on the WRewards programme, where the more a customer shops, the higher their status becomes and the higher the benefits that can be claimed, such as VIP Vouchers (lol, 2020). This tiered system has started to migrate customers along the programme to encourage repeat purchases, which also encourages customers to interact with the programme.

This approach of encouraging customers to engage actively with a loyalty programme is a key focus of most loyalty programmes since customers have marked engagement as a key focus of loyalty programmes (McEachern, 2019; Nielsen, 2017). WRewards has an 81% active user rate according to the 2018 Loyalty Programme Member Engagement questionnaire, with 60% of members indicating that they would suggest this loyalty programme to someone else and that they are happy with the rewards and benefits offered by Woolworths (Tritech Media, 2018).

## **2.11 Conclusion**

When reviewing the global retail environment, this study has indicated that the global retail industry is a large contributor to the global functioning of the world (Statista, 2019; Statista, 2020). Many retailers in developed countries have reached saturation and are venturing into new markets and new sectors, such as into South Africa, to increase their competitiveness (Askew, 2018). Smaller developing markets such as South Africa have achieved large amounts of growth and still have opportunities to explore within the retail environment, specifically the supermarket environment (Boyle, 2019).

Local supermarket retailers in South Africa are becoming more driven and focused on retaining their customers through loyalty initiatives, as they are aware of the challenges faced due to increased entrants and disloyalty from customers. The increase in loyalty programmes offered by South African top performing supermarkets is changing the environment that customers shop in, and is offering customers more choice, more rewards, and less loyalty, which makes it immensely important to understand how customers perceive loyalty programmes in the South African supermarket environment (Nielsen, 2018).

The following chapter will investigate the supporting theories that underpin this study, with a focus on the environmental and shopping orientations of customers towards loyalty programmes, and a deeper look into the theories of customer satisfaction and loyalty within the retail environment.

## **CHAPTER 3**

### **THEORIES UNDERPINNING HOW SHOPPING ORIENTATIONS INFLUENCE CUSTOMER SATISFACTION AND LOYALTY**

#### **3.1 Introduction**

The competitive retail landscape explained in Chapter 2 provided arguments for why many retail supermarkets are focused on retaining existing customers and ultimately turning all customers into loyal customers (Nair, 2018). However, attaining loyalty as an end result in the supermarket environment can pose a challenge because of the increase in entrants, offers, and variety of products available to customers (Ranabhat, 2018; Lawton, 2016). The competitive retail supermarket and grocery environment has led to customers stretching their limited spend across more retailers, which could decrease loyalty levels (Samuel, 2018). Since customers have more options to choose from, supermarkets are forced to initiate loyalty offerings in order to entice customers to purchase at a particular store. One particular offering that has become popular within the global retail space is loyalty programmes (Khadka & Maharjan, 2017).

Considering this, it is important to understand how customers perceive loyalty programmes in the supermarket industry, and the elements contributing to a customer's selection and satisfaction in particular loyalty programmes. In this chapter, available literature is drawn on to highlight the factors that influence the selection of loyalty programmes, customer satisfaction, and customer loyalty.

#### **3.2 Theories underpinning the study**

There are various theories used for understanding customers' perceptions of supermarket offerings. The theories discussed below are said to have an important role in prompting certain customer perceptions and influences in their behaviour (Nair, 2018).

### **3.2.1 Theory of consumer behaviour**

A clear understanding of consumer behaviour theory is fundamental for studies of consumer satisfaction of, and loyalty towards, supermarket loyalty programmes (Mack, 2019; Singh, 2018; Simon & Manohar, 2015:39). It is extremely important to understand customers' needs and wants, which influence when, where, what, and how consumers buy products or services; this is also known as their behaviour. Understanding customers' behaviour is crucial for the existence and continuation of organisations, as the more clearly organisations understand the reasoning behind customer behaviour, the more equipped they are at influencing behaviour positively towards their brands, and ultimately securing loyalty (Parumasur & Roberts-Lombard, 2014:01).

Consumer behaviour is regarded as the behaviour that consumers show when seeking, purchasing, consuming, and evaluating products and services that they perceive will satisfy their needs (Blythe, 2013:05). Kotler and Keller (2016) share similar views, whereby consumer buyer behaviour is considered to be the various ways that consumers buy and consume goods and services to satisfy their needs or wants at the time of purchase. A common explanation shared by the above authors' definitions is that a customer's repeat purchase behaviour is dependent on how they analyse the offerings presented to them, which is translated into behaviour. The way that customers analyse loyalty offerings will influence their likelihood of engaging in loyalty programmes; the more satisfaction identified by the offering, the greater a customer's participation and loyalty to the brand (Khadka & Maharjan, 2017).

Consumer behaviour is not something that happens only at the purchase stage; it is an ongoing process that involves various stages before, during, and after the buying experience, which is referred to as the decision-making process (Khadka & Maharjan, 2017).

### **3.2.1.1 Consumer's decision-making process**

The customer's decision-making process can be defined as a series of steps taken by an individual to determine the best option or course of action to meet their needs. The five processes of a consumer's decision-making process are problem recognition, information search, evaluation of alternatives, purchase, and post-purchase evaluation (Adunola, Parinda, Oluwamayowa, Musibau & Olusola, 2016; Kotler, Armstrong, & Cunningham, 2008). The first stage, problem recognition, focuses on the customer identifying their needs. This is followed by an information search on the products/services that can satisfy their need. Once options of suitable products are identified, the customer will select the best solution and purchase the product. Post consumption, the customer will evaluate how well the product satisfied their needs. The last stage links up to the satisfaction and interconnected influence on loyalty to the product or service offering (Adunola et al., 2016). The last stage is very important to businesses because this stage ultimately determines a customer's satisfaction and repeat purchases, which can lead to loyalty (Adunola et al., 2016).

In the post-purchase evaluation stage, consumers base their willingness to repeat a purchase on the utility they have from the product they consumed, with emphasis on a positive relation between their intention to return and willingness to recommend (Khadka & Maharjan, 2017; Bigné, Ruiz & Blas, 2005). Haziri, Chovancová, and Aliu (2018) confirm that the quality of service is an important element of the satisfaction level. The authors argue that there is a strong relationship between the quality of services and the perceived value, customer satisfaction, and post-purchase intention, which ultimately influences customer loyalty (Haziri et al., 2018). Secondly, consumer decision-making is highly linked with individuals' experiences. A good experience tends to shorten the decision-making process, while a bad experience tends to change the whole process (Haziri et al., 2018). The decision-making process that the consumer goes through in order to determine if a product should be consumed or not is influenced by the type of shopping motivation that the customer holds.



### **3.2.1.2 Shopping motivation**

Shopping motivation is one of the key concepts in research on consumer shopping behaviour and continues to be vigorously discussed. Yu, Zhang and Liu (2018) and Tillmann and Thomas (2010) state that there is importance in understanding hedonic and utilitarian shopping motivations, as each type of motivation has an influence on customer behaviour.

The utilitarian shopping motivation is considered when the customer is motivated to purchase a product with an efficient and timely expenditure of resources. It is focused on task orientation, rational and cognitive behaviour, and efficiency and achievement. In other words, will the purchase save time and enable the customer to successfully find the product to satisfy their needs (Yu et al., 2018). Hedonic shopping motivations is when the customer is motivated solely on the shopping experience, the enjoyment, the interaction, the journey, and the focus is on the emotional side of the customer (Workman, 2010:126).

The effect of supermarket attributes on hedonic shopping motivation, utilitarian shopping motivation, and customer loyalty have shown that the supermarket attributes of location, facilities, services, and merchandise impact on hedonic shopping motivation positively and significantly (Steen, 2016; Hartono, 2011). Yan, Sirion and Horward (2011) study on the effect of the mall environment or atmosphere on the shopping value and the behaviour of consumers has shown that the mall environment and product quality have a positive effect on utilitarian shopping value. Both types of motivations influence the behaviour of customers and ultimately determine their satisfaction with a supermarket (Yuniarinto, Thoyib, Solimun, & Sularso, 2017).

According to the study done by Mägi (2003) and Vesel and Zabkar (2009), understanding consumer behaviour is key for understanding the role that behaviour plays in influencing purchase satisfaction for building relationships with customers.



### **3.2.2 Customer relationship management**

Although customer relationship management (CRM) fits within relationship marketing theory, this study's focus on the customer necessitates the focus on CRM (Singh, 2018). CRM theory focuses on creating customer loyalty and creating, sustaining, and growing longer-term customer engagement or relationships rather than shorter-term engagements like customer acquisition and once-off sales (Rahimi & Kozak, 2017:40). CRM is aimed at building strong long-term relationships that keep customers coming back repeatedly, whereby the sole aim is to help organisations build individual customer relationships in such a way that both the firm and the customer get the most out of the exchange (Berfenfeldt, 2010).

Achieving these long-term relationships has been challenging because of the increased entry of competition in the retail supermarket industry, making CRM important for businesses to adapt their business activities to reach their customers and build strong relationships and loyalty with customers (Berfenfeldt, 2010). Supermarkets previously concentrated on customer visits to their stores through the traditional use of point-of-sale advertising, sales promotions, and treating all customers the same (Musasa, 2014). More recently however, the focus for many supermarket retailers has shifted from attracting new customers through marketing resources such as advertising and sales promotions, to having more concern for existing customers and providing them with 'relational benefits' through loyalty programmes to encourage repeat purchases (Musasa, 2014).

Hidayat, Zalzal, and Ekasasi (2016:216) state that achieving effective customer relationships will ultimately secure lifetime customers who choose to purchase a product from a supermarket solely on the product offerings, irrespective of a better offering in the market. CRM is regarded as a tool from which customer loyalty can be created, which can accomplish a higher level of competitiveness and consumer loyalty (Hidayat et. al., 2016).

In order to ensure that a strong relationship is built with the customer, it becomes essential to understand a customer's level of expectations in order to meet or exceed them; this is explored in the section below on the customer expectation/disconfirmation paradigm below.

### **3.2.2.1 The customer expectation /disconfirmation paradigm**

Expectations define a customer's anticipations about the performance of products and services (Elkhani & Bakri, 2012), whereas disconfirmation is defined as the difference between the customer's initial expectations and the actual performance of the product or service (Lankton & McKnight, 2012; Bhattacharjee & Premkumar, 2004). The expectation/disconfirmation paradigm states that disconfirmation (i.e., the difference between expectations and perceived performance) affects a customer's satisfaction. When the actual performance of a specific product or service cannot meet the customer's expectations, negative disconfirmation will occur, which leads to the customer's dissatisfaction. On the other hand, if the perceived performance of a specific product or service is able to exceed the customer's satisfaction, then positive disconfirmation leads to the customer's satisfaction. Finally, when there is no difference between a customer's expectation and the actual performance of a specific product or service (i.e., the perceived performance equals the expectation), then simple confirmation occurs (Schiebler, 2018). Expectations and desires both have positive impacts on the perceived performance of a product or service. In addition, disconfirmation generates a positive effect on the overall satisfaction, which consists of both negative and positive disconfirmation. Research proves that performance has a direct impact on overall satisfaction (Elkhani & Bakri, 2012).

Developing customer relationships without fully understanding customers' expectations with the brand will manifest as poor uptake, low participation, and most importantly, unsatisfied customers (Mägi, 2003). By understanding expectations and building relationships with customers, accordingly, this may result in satisfaction.

### **3.2.3 Theory of customer satisfaction**

When a consumer repeats a certain behaviour, it is an indication of the level of satisfaction received; the higher the satisfaction, the higher the likelihood of turning satisfaction into repeat purchases (Vesel & Zabkar, 2009). Customer satisfaction is obtained through the customer's perception that a product, service, or feature provided a pleasurable level of consumption or under- or over-fulfilment, linking back to the customer expectation/disconfirmation paradigm (Grigoroudis & Siskos, 2010). This pleasurable level of consumption usually arises when positive disconfirmation takes place (Schiebler, 2018). Most of the past literature acknowledge that customer satisfaction is the biggest contributor to customer loyalty (Khadka & Maharjan, 2017; Ibáñez et al., 2006; Auh & Johnson, 2005). These authors state further that high levels of satisfaction from customers will translate into similarly high loyalty towards the brand, increasing the probability of repeat purchases (Khadka & Maharjan, 2017; Ibáñez et al., 2006; Auh & Johnson, 2005).

Within the retail environment, customer satisfaction can be defined as a customer's cognitive and affective evaluation based on their personal experience across all service episodes within the relationship (Nair, 2018; Storbacka, Strandvik & Gronroos, 1994:25). Vesel and Zabkar's (2009) study on customer satisfaction towards loyalty programmes identified how personal experiences influenced satisfaction greatly in the retail environment. Other studies have found that if customers were satisfied with the services of the firm, they are more likely to repeat purchase from the firm and develop a relationship with that firm compared to those firms they were not satisfied with (Khadka & Maharjan, 2017; Jamal & Naser, 2003). Satisfying customers is not enough to retain them, however, because even satisfied customers defect at a high rate in many industries; this highlights how firms should aim to provide added value in areas seen as important to the customer to ensure retention and satisfaction (Khadka & Maharjan, 2017; Dhman, 2011). The theory of satisfaction will be explored in more detail in Section 3.3.4 of this chapter, in relation to the constructs that will be explored for this study

When a customer experiences satisfaction over a period of encounters, this builds relationships, and the behaviour that the customer demonstrates is loyalty towards the brand or product offering (Magatef & Tomalieh, 2015). The theory of customer loyalty is discussed in the section that follows.

### **3.2.4 Theory of customer loyalty**

Customer loyalty is the customer's attitude and behaviour of preferring one brand over all competitors' product offerings because of the satisfaction received from consuming the product or services (Magatef & Tomalieh, 2015). Customer loyalty can be further defined as when customers have received a positive perception, which translates into customer satisfaction, and then contributes to a level of customer loyalty. Past literature does indicate however that repeat purchases do not necessarily indicate satisfaction or sufficient condition of brand loyalty as customers may repeat purchase based on location or convenience, with no linkage to actual satisfaction (Jacoby & Chestnut, 1978). This statement is supported by Mägi (2003) who states that loyalty is more than a repetition of behaviour and is influenced by loyalty to price, brand, company, connection to a store, and belonging to a certain group of customers; most importantly, loyalty is the result of satisfaction.

In recent years, customer loyalty has become a focal point for marketers and researchers in the supermarket industry, as supermarkets are able to attain higher profitability by attracting customers and retaining them for the long-term (Omoriege, Addae, Coffie, Ampong & Ofori, 2019). When loyalty programmes are able to meet all the requirements of a successful loyalty programme in the eyes of the consumer, satisfaction is reached. This satisfaction is the ignition for repeat purchases and building the foundation for loyalty (van Vuuren, Roberts-Lombard and van Tonder, 2012). According to Vesel and Zabkar's (2009) study of customer loyalty through satisfaction, two key measurements of loyalty is behavioural and attitudinal loyalty. Understanding customer behavioural and attitudinal loyalty in this study is beneficial for interpreting the effects on customer's perceptions of supermarket loyalty programmes (Xu, Goedegebuure & van der Heijden, 2006). Behavioural and attitudinal loyalty will be discussed below.

### **3.2.4.1 Behavioural and attitudinal loyalty**

Rogers and Peppers (2004) describe customer loyalty as a two-dimensional topic that leads in two directions: attitudinal (emotional) and behavioural (functional). Behavioural loyalty means that someone is willing to pay a premium for brand x over brand y, even without favour to the attitudes that underlie that conduct (Jo-Ting, 2019:81-82). Behavioural customer loyalty is not the cause but the results of preference, which is what many higher-end supermarket brands experience; for example, customers shopping in Woolworth in South Africa voted that experience is the reason why they are willing to buy high-end products from Woolworths (Bizcommunity, 2019; Kasai & Chauke, 2017; Nischal, 2015). Behaviour loyalty does not take into account other variables such as location and the actual situational factors that will affect a customer's choice to visit a supermarket store more than once; hence, it is important to consider the attitudinal loyalty in conjunction with the behavioural loyalty to give a more realistic accurate measurement of overall loyalty (Kasai & Chauke, 2017; Noordhoff, Pauwels & Odekerken, 2004).

The attitudinal definition of loyalty suggests that loyalty is a state of mind; it refers to the level of a customer's psychological attachments and attitudinal advocacy towards the service provider/supplier (Jo-Ting, 2019:81-82). Attitudinal loyalty is focused on building long-term relationships between a store or brand and its customers, through a stronger bond or commitment instead of short-term repeat purchase behaviour; this is likely creating a designated space for the supermarket brand in the minds of consumers when they select that product category (Bridson, Evans & Hickman, 2008).

A good loyalty programme needs to have both behavioural and attitudinal loyalty to be considered effective because it demonstrates a linkage between behaviour and emotion, which reflects true loyalty (Hoffmann, 2013:85). One way to influence competitiveness of loyalty is to clearly understand where customers are on the loyalty ladder. This will help understand what the current mindset of the customer is and what to offer them to move to the next step in the loyalty ladder (Nair, 2018).

### **3.2.4.2 The ladder of loyalty**

The behavioural and attitudinal loyalty of customers will influence where the customer's mindset and behaviour are, as they move along the loyalty ladder. There are six stages in the ladder of customer loyalty: prospect, customer, client, supporter, advocate, and partner. The ladder of customer loyalty provides a good depiction of how a customer's value of products or services evolves at different levels of a relationship as they move from 'prospect' to 'partner' of the brand. Moving the customer up the loyalty ladder is not simple however (Godson, 2009). Due to the competitiveness of the supermarket industry, customers have the ability to move up and down the ladder of loyalty. It is further noted to be much more difficult to move a customer back up the loyalty ladder of a particular brand if they received an unsatisfactory experience. When organisations have a clear understanding of where exactly the customer is in relation to value and satisfaction, they can then proceed to move the customer up with tailored offers based on the mindset of the customer. For example, a prospect customer would need much more engagement and persuasion to join the loyalty programme than would a client who is already a member (Nair, 2018).

The objective of brands is to move the customer to the partner stage because in that stage, the brand has the strongest relationship with the customer who is less likely to leave and is most engaged with the offerings, making that customer profitable (Padayachee, 2015). One loyalty offering that is frequently used to influence and encourage customers to move up along the loyalty ladder is loyalty programmes. Loyalty programmes have the ability to offer value and persuade customers to behave positively towards the brand due to the value that they receive (Gupta, Gupta & Shainesh, 2018).

### 3.2.5 Loyalty programmes

The effectiveness of loyalty programmes can be seen in how customers move up the loyalty ladder. Loyalty programmes encourage engagement, repeat purchases, and they keep the supermarket brand top of mind; hence loyalty programmes support the movement from prospect customer to partner customers on the loyalty ladder (Padayachee, 2015). A loyalty programme's primary purpose is to foster long-term relationships with customers in order to create repeat purchases. Customers join and support loyalty programmes to receive different types of rewards, such as discounts, increased status, or increased service (Ranabhat, 2018; Smith & Sparks, 2009). To make this decision, customers weigh these benefits against the membership's disadvantages that directly affect them, such as usage of wallet space for the new loyalty card, privacy issues, convenience of location, types of rewards, ease of earning and redeeming rewards, and level of engagement and time with the brand (Ranabhat, 2018).

According to Berman (2006:125), there are various types of loyalty programmes that companies offer, with some offering a combination of more than one type. Table 3.1 below identifies the various loyalty programme types and applies it to the South African supermarket brands that are included in this study.

**Table 3.1: Loyalty programme types and examples of South African loyalty programmes**

Programme type	Characteristics of the programme
Type 1: Members receive additional discounts at the register	<ul style="list-style-type: none"><li>• Membership is open to all customers.</li><li>• A clerk will swipe the discount card if a member forgets or does not have a card.</li><li>• Each member receives the same discount, regardless of purchase history.</li><li>• The firm has no information base with customers' names, demographics, or purchase history. There are no targeted communications directed at members (Hoffmann, 2013).</li></ul>



Programme type	Characteristics of the programme
Type 2: Members receive 1 free when they purchase x units	<ul style="list-style-type: none"> <li>• Membership is open to all customers.</li> <li>• The firm may not maintain a customer base that links purchases to specific customers (Hoffmann, 2013).</li> </ul>
Type 3: Members receive rebates or points based on cumulative purchases	<ul style="list-style-type: none"> <li>• Seeks to get members to spend enough to receive qualifying discounts.</li> <li>• The points can be redeemed for credit towards a customer's next purchase, discounted services, or giveaways. Points programmes can be managed with a loyalty card or a mobile app (Hoffmann, 2013).</li> </ul>
Type 4: Members receive targeted offers and mailings	<ul style="list-style-type: none"> <li>• Members are divided into segments based on their purchase history.</li> <li>• Requires a comprehensive customer database of customer demographics and purchase history (Hoffmann, 2013).</li> </ul>

Source: (Berman, 2006; Hoffmann, 2013)

Type 1 programmes are nothing more than electronic coupons, while the other three types rely on psychological mechanisms that attempt to increase the customers' purchases by specifying a particular threshold that needs to be exceeded (Hoffmann, 2013). Type 1 programmes are the least valuable loyalty programme type as they do not build a customer database, which makes it a challenge to customise offerings or develop better insights of its customers. This type is most effective in lower income markets where consumers are more price-sensitive (Black, 2020).

Type 2 loyalty programmes have been effectively adopted by supermarket stores. This type of loyalty programme often makes use of "buy two and get one free" offers, which encourage customers to purchase more items in order to qualify for a reward (Black, 2020).



Type 3 programmes demand a higher level of administrative effort (Hoffmann, 2013). Type 3 loyalty programmes that follow a points-based accumulation system are seen as successful amongst customers especially where added effort is placed on educating customers on the value of the points (WARC, 2020).

It is said that Type 3 loyalty programmes encourage repeat purchases and goal-oriented behaviour of customers who plan purchases in order to achieve certain rewards, which increases their level of satisfaction and loyalty with the brand (Malik, 2015). Type 3 loyalty programmes allow brands to know more about their customers' spending habits based on how they earn points or what they spend points on. This data makes it easier for a company to personalise their products and services to meet their customers' needs (Black, 2020).

Type 4 programmes resemble the most refined form of reward programmes. In addition to using the programme as a different form of promotional tool, the company can analyse the generated data and use it to improve various aspects of the programme as well as other parts of the organisation (Hoffmann, 2013). According to Sima (2015), loyalty programmes that require customer registration and collect customer data for tailored offerings are the most beneficial for retaining customers and the most profitable. Supermarkets understand that discounts do not necessarily encourage repeat purchases but the level of engagement with the customer does; hence customer databases are an important tool to help differentiate loyalty programme offerings to specific customer groups (Malik, 2015).

The study done by Hoffmann (2013) explored the satisfaction profit chain, with the author exploring how increasing performance variables related to products and services (i.e., loyalty programme types) can improve customer satisfaction, which leads to increased customer retention (i.e., loyalty), and in turn results in higher revenue and profit for the supermarket store (Hoffmann, 2013).

### **3.3 Constructs measured in this study**

Previous studies investigating the constructs contributing to customer satisfaction and loyalty were reviewed to understand the findings of these constructs within the study environment. These findings helped to provide assurance in the selection of these constructs for this study. The various studies summarised in Table 3.2 below indicate a common understanding of the influence of shopping orientations, personalisation quality, and loyalty programme quality on customer satisfaction that leads to customer loyalty (El-Adly et al., 2016; Allameh et al., 2012; Chen et al., 2012; Souki, 2008; Lee et al., 2008).



**Table 3.2: Previous studies investigating constructs that contribute to customer satisfaction and loyalty**

Date	Path	Context	Constructs	Main findings of the study	Reference
<b>Economic shopping orientation, apathetic shopping orientation and personalisation shopping orientation influencing satisfaction</b>					
2003	The effects of customer satisfaction, loyalty cards, and shopper characteristics.	The study was conducted in Sweden. The data was collected by a four-week store choice diary and a follow-up questionnaire across 1,600 households.	<ul style="list-style-type: none"> <li>• Economic shopping orientation influence on share of wallet.</li> <li>• Personalising shopping orientation influence on share of wallet.</li> <li>• Apathetic shopping orientation influence on share of wallet.</li> <li>• Customer satisfaction influence on share of wallet.</li> <li>• Loyalty programme influence in share of wallet.</li> </ul>	<ul style="list-style-type: none"> <li>• Customer satisfaction was positively related to both primary store share of wallet and share of value.</li> <li>• Satisfaction proved to have a higher impact on share of wallet for consumers with a low economic orientation than for shoppers with a high economic orientation.</li> <li>• The economic orientation effect was significant in share of wallet and the personalising and apathetic economic shopping characteristics had moderate effects on share of wallet. All three constructs proved to influence satisfaction and loyalty programme uptake.</li> </ul>	Mägi, A.W. (2003). <i>Share of wallet in retailing: The effects of customer satisfaction, loyalty cards and shopper characteristics</i> . Department of Marketing, University of Florida, USA.

Date	Path	Context	Constructs	Main findings of the study	Reference
<b>Economic shopping orientation, apathetic shopping orientation and personalisation shopping orientation influencing satisfaction</b>					
2008	Relationship between shopping orientation (economic, personalising, ethical, and apathetic) and the satisfaction with different types of information search behaviour.	A total of 181 students in a large mid-western university in the USA provided usable responses to the questionnaire.	<ul style="list-style-type: none"> <li>The relationship between shopping orientation and the satisfaction with different types of information search behaviour (e.g., price, promotion information, style/trends, and merchandise availability) via different channels (e.g., internet, catalogues, TV shopping, local retail stores, and non-local stores).</li> </ul>	<ul style="list-style-type: none"> <li>More than three quarters of the respondents shopped via the internet and catalogues, and about 95% shopped at non-local retailers.</li> <li>About 60% of respondents reported that they never shopped from TV shopping channels.</li> <li>Confident/fashion-conscious shopping orientation and catalogue/internet shopping orientation were found to be key predictors of customer satisfaction level with information search via multiple channels.</li> <li>Shoppers were more satisfied with store retail channels for apparel purchases, compared to non-local store-oriented shoppers and catalogue/internet-oriented.</li> </ul>	Lee, H. and Kim, J. (2008). The effects of shopping orientations on consumers' satisfaction with product search and purchases in a multi-channel environment. <i>Journal of Fashion Marketing and Management</i> .

Date	Path	Context	Constructs	Main findings of the study	Reference
<b>Economic shopping orientation, apathetic shopping orientation and personalisation shopping orientation influencing satisfaction</b>					
2016	Shopping environment, customer perceived value, satisfaction, and loyalty.	400 self-administered questionnaires were distributed to mall shoppers in the United Arab Emirates (UAE).	<ul style="list-style-type: none"> <li>Customers' perceived value in the mall environment influences customer satisfaction and loyalty.</li> </ul>	<ul style="list-style-type: none"> <li>The mall environment significantly affects mall value.</li> <li>Several factors were seen to positively affect customer satisfaction and loyalty.</li> </ul>	El-Adly, M.I. and Eid, R. (2016). An empirical study of the relationship between shopping environment, customer perceived value, satisfaction, and loyalty in the UAE malls. <i>Journal of Retailing and Consumer Services</i> , 31:217-227.

Date	Path	Context	Constructs	Main findings of the study	Reference
<b>Loyalty programme quality and personal interaction quality influence customer satisfaction and customer loyalty</b>					
2008	Perceived quality and satisfaction lead to customer loyalty.	A questionnaire was done involving 434 customers in Brazil.	<ul style="list-style-type: none"> <li>• To investigate the perception of quality from the customer's perspective in relation to mobile phone service providers.</li> <li>• To investigate customer satisfaction with the services provided by mobile phone service providers.</li> <li>• To investigate the propensity to loyalty of customers with regard to mobile phone service providers.</li> </ul>	<ul style="list-style-type: none"> <li>• As the customers' perception of the quality of the products and services offered by the providers increases, there is a greater likelihood that they are more satisfied, that they will remain as clients, that they would recommend the providers that they currently use, and that they would have a lesser desire to switch providers.</li> </ul>	Souki, G.S. (2008). Perceived quality, satisfaction and customer loyalty: An empirical study in the mobile phones sector in Brazil. <i>International Journal of Internet and Enterprise Management.</i>

Date	Path	Context	Constructs	Main findings of the study	Reference
<b>Loyalty programme quality and personal interaction quality influence customer satisfaction and customer loyalty</b>					
2009	Loyalty programme quality and personal interaction quality influence customer satisfaction and customer loyalty.	Telephone interviews were made with consumers selected through a simple random sampling method from a Central European retailer's database of gardening club members.	<ul style="list-style-type: none"> <li>• Loyalty programme quality influences customer loyalty and customer satisfaction.</li> <li>• Personal interactive quality influences customer loyalty and customer satisfaction.</li> </ul>	<ul style="list-style-type: none"> <li>• The degree of personal interaction quality and loyalty programme quality have a positive impact on the degree of customer loyalty through the mediating variable of customer satisfaction.</li> <li>• The direct impact of customer loyalty programme quality on customer loyalty can also be confirmed.</li> </ul>	Vesel, P. and Zabkar, V. (2009). <i>Managing customer loyalty through the mediating role of satisfaction in the DIY retail loyalty programme</i> . University of Ljubljana, Slovenia.

Date	Path	Context	Constructs	Main findings of the study	Reference
<b>Loyalty programme quality and personal interaction quality influence customer satisfaction and customer loyalty</b>					
2012	Physical environment quality, personal interaction quality, satisfaction, and behavioural intentions in relation to customer loyalty.	Focus groups were conducted with the bed and breakfast industry to understand the influence of the physical , personal interaction and behavioural intentions influencing loyalty.	<ul style="list-style-type: none"> <li>• The influence of physical environment quality on satisfaction.</li> <li>• The influence of personal interaction quality on satisfaction.</li> <li>• The influence of satisfaction and behavioural intentions in relation to customer loyalty.</li> </ul>	<ul style="list-style-type: none"> <li>• There was a significant positive influence of physical environment and personal interactive quality on customer behaviour satisfaction and repeat purchases.</li> <li>• There was a relationship between customer satisfaction and loyalty.</li> </ul>	Chen, C.M., Chen, S.H. and Lee, H.T. (2012). <i>Interrelationships between physical environment quality, personal interaction quality, satisfaction and behavioural intentions in relation to customer loyalty: The case of Kinmen's Bed and Breakfast industry.</i> Asia Pacific Journal of Tourism Research



Date	Path	Context	Constructs	Main findings of the study	Reference
<b>Loyalty programme quality and personal interaction quality influence customer satisfaction and customer loyalty</b>					
2013	Outcome quality, peer-to-peer quality, and interactive quality influence customer satisfaction, leading to customer loyalty.	The study surveyed 296 patients from one of the largest hospitals in Kore, in the USA.	<ul style="list-style-type: none"> <li>• Outcome quality influences customer satisfaction.</li> <li>• Peer-to-peer quality influences customer satisfaction.</li> <li>• Personal interactive quality influences customer satisfaction.</li> <li>• Satisfaction influences customer loyalty.</li> </ul>	<ul style="list-style-type: none"> <li>• Outcome quality, interaction quality, and peer-to-peer quality perceptions significantly influence customer satisfaction, which, in turn, greatly influences customer loyalty.</li> </ul>	Choi, B. (2013). <i>The impact of outcome quality, interaction quality, and peer-to-peer quality on customer satisfaction with a hospital service.</i> California State University, Sacramento.

Based on Table 3.2 above, which contains findings from various historic studies (i.e. El-Adly & Eid, 2016; Chen, Chen & Lee, 2012; Allameh, Pool, Far, & Jamshidi, 2012; Choi, 2013; Vesel & Zabkar, 2009; Lee & Kim, 2008; Souki, 2008; Mägi, 2003) this study will focus on six constructs:

1. Economic shopping orientations;
2. Apathetic shopping orientations;
3. Personalisation shopping orientations;
4. Personal interactive quality influence on satisfaction;
5. Loyalty programme quality influence on satisfaction; and
6. Customer satisfaction leading to customer loyalty.

Two specific studies that will be referred to when selecting constructs for this study are Mägi's (2003) and Vesel and Zabkar's (2009) studies. These particular studies highlight the influence of shopping elements, loyalty programme quality, and personal quality on customer satisfaction within the loyalty programme environment. These studies are therefore seen as the most suitable and comprehensive studies to replicate within the supermarket loyalty programme environment.

### **3.3.1 Personal interactive quality**

According to Sheth (1976), the term 'personal interaction quality' can be defined in two dimensions: the style and the content of the communication. Style refers to the format, ritual, or mannerism that the buyer and the seller adopt in their interaction, while content is the degree of information communicated to the customer that is relevant. In the supermarket environment, the term states that supermarkets are directly in contact with the customers while they are purchasing final goods and services, making personal interactive quality points of contact critical for achieving differentiation, a competitive advantage, and value to customers (Allameh et al., 2012).

Personal interactive quality consists of all interactions or points of contact with the supermarket and customer through an employee. Hoffmann (2019) and Price, Anould and Tierney (1995) identified five key dimensions of service provider interaction performance: mutual understanding; responsiveness; individualised attention; knowledgeability; and meeting minimum standards.

These elements can be defined as follows (Hoffmann, 2019; Price et al., 1995):

- Mutual understanding in having a clear understanding of the customer's request and addressing the customers' needs correctly, while making the customer aware of the extent of service that is offered.
- Responsiveness is the manner of addressing the customer's needs timely and proactively.
- Individualised attention is providing attentiveness through individualised service.
- Knowledgeability is being knowledgeable in the area of expertise (e.g., product or service characteristics, quality, features in the offering) in order to provide sufficient information needed to encourage a purchase.
- Meeting minimum standards refers to meeting the minimum requirements or expectations of the customer in order to satisfy the customer's experience.

Brady and Cronin (2011) and Dhurup (2015) believe that any type of retail service offering is often entwined with their human representatives. The authors go on to say that in most service fields, such as the supermarket service offering, a person is perceived to be the service because of the level of interaction during the service delivery. Within the supermarket environment, personal interactive quality is important as personal interaction between staff and customers plays a big role in determining the level of engagement between the customer and the offering. Khadka and Maharjan (2017) argue that the more engagement, the greater the likelihood of repeat purchases and satisfaction. Supermarkets have the ability to positively influence customers' interactions with the brand through ensuring that the employees are adequately educated on loyalty offerings and are able to convey the information well (Brady & Cronin, 2011).

Customers are more likely to participate in a supermarket offering if they understand the value behind it. Va'zquez et al. (2001) and Zakaria, Rahman, Othman, Yunus, Dzulkipli, and Osman (2014) stated in their studies on supermarket loyalty programmes satisfaction that personal interactive quality is seen as the most important factor in determining satisfaction for a customer. These authors argue further that the salesperson's behaviour is crucial for determining the customer's willingness to buy (repeat purchases). The customer will determine their level of satisfaction based on the technical and functional knowledge that the salesperson has with regards to the offer. Gronroos (2001) and a more recent study by Khadka and Maharjan (2017) proposed that the personal interaction between staff and customers determine the strength of the relationship, which ultimately has a positive influence on customer satisfaction. Customer satisfaction is reached due to the individualised personal experience; personal interaction quality is seen therefore as an important construct to measure because the interaction between supermarket staff and customers may influence repeat engagement and satisfaction with the supermarket.

Based on common findings from the studies discussed above, the proposed hypothesis will determine whether personal interactive quality influences the customer satisfaction of supermarket loyalty programmes positively and significantly. Therefore, based on the above, the following hypothesis has been formulated:

**H1: Personal interactive quality will have a significant influence on customer satisfaction.**

### **3.3.2 Loyalty programme quality**

The term 'loyalty programme quality' is the actual value that the customer perceives the loyalty programme holds; this value is a combination of tangible and intangible value and influences the likelihood of engagement with a loyalty programme (Khan, 2012). Within the supermarket environment, loyalty programme quality must attain a good balance between tangible and intangible value to continue to encourage participation and repeat purchases (Magatef & Tomalieh, 2015).

According to Jokinen (2014), loyalty programme quality is the cost versus the reward weighted to determine the true value of a programme; it is also referred to as equity theory. According to equity theory, customers form perceptions of the 'inputs' elements (e.g., money, time, effort, opportunity costs) and 'outputs' elements (e.g., tangible and intangible benefits), which are associated with an exchange. Vesel and Zabkar (2009) identified the elements that make up loyalty programme quality as the variety of rewards with many exchange opportunities, loyalty programmes that bring about excitement to earn rewards and not lose the customer's interest, expanding loyalty programme partnership to increase the options of purchases, and combined-currency flexibility that enables programme members to redeem their points in combination with money.

The importance of loyalty programme quality in this study is that the quality perceived by customers will ultimately determine satisfaction with the supermarket loyalty programme and thus influence customer retention (Allameh et al., 2012). When retailer supermarkets effectively understand the value that their loyalty offerings provide to customers, they can improve the value or tailor the value to specific target markets, which will increase satisfaction and the likelihood of repeat purchases (Vesel & Zabkar, 2009).

The goal of a supermarket loyalty programme is to establish a higher level of customer retention in profitable segments by providing more satisfaction and value to certain customers (Magatef & Tomalieh, 2015; Bolton, Kannan & Bramlett, 2000:95). Many supermarkets rate that the success of loyalty programmes is dependent on the loyalty programme quality becoming more focused on customer-centricity (Hoffman & Lowitt, 2008), where more value is placed on market segmentation and greater value propositions tailored for participating customers (Jokinen, 2014).

In order to achieve customer centricity and retain customers, it is seen to be more worthwhile to let consumers use a programme where their benefit increases parallel to what they buy. Free gifts will only give a short-term reward of loyalty and will possibly devalue the brand over time as customers will be chasing the short-term rewards across competitors (Stuivenberg, 2015; Dowling & Uncles, 1997).

Therefore, the better designed a loyalty programme is in relation to quality perception of the market segment, the more likely customers will adopt the programme and have frequent purchase satisfaction (Wathigo, 2016).

According to the study done by Vesel and Zabkar (2009), there is a direct relationship between the quality of the loyalty programme and the likelihood of attaining customer satisfaction. Their study identified that when a customer perceives a supermarket loyalty programme to carry ample value, the customer will repeat purchase and there will be increased engagement with the offer, which will ultimately result in a degree of satisfaction with the supermarket loyalty program. Therefore, based on the above discussion, the following hypothesis is presented:

**H2: Loyalty programme quality will have a significant influence on customer satisfaction.**

### **3.3.3 Shopping orientation**

Shopping is not only an economic activity but also a psychological and social activity, making it important to include shopping orientations as constructs for this study. The loyalty programme studies done by Mägi (2003), Lee and Kim (2008), and El-Adly and Eid (2016), which were summarised in Table 3.2, identified customers' shopping characteristics that have an influence on customer satisfaction. Shopping orientation is useful for understanding the ever-changing demands and demographic information of shoppers due to social, economic, and cultural changes in modern society. Historic studies found that the effects of shopping orientation on consumers' shopping behaviours differed across product categories (Vijayasathya, 2010).

Semantic authors such as Stone (1954) believe that shopping orientation intends to capture the shoppers' motivations, their desired shopping experiences, and the goals they seek when they shop. Stone (1954) identified a range of customer types, which were later adapted in studies such as that by Mägi (2003). These customer types include those with an economic shopping orientation, apathetic shopping orientation, and personalisation shopping orientation. These orientations influence customers' choice, selection, perception, and expectation when selecting products or services in the supermarket environment, and directly influence satisfaction (El-Adly & Eid, 2016). These shopping orientations displayed a direct influence on customer satisfaction in the above-mentioned studies, which is why they will be included as constructs for this particular study.

### **3.3.3.1 Economic shopping orientation**

According to Faheemullah and Shafquatullah (2018), the term 'economic shopping orientations' of customers can be defined as when customers possess a high degree of responsibility when purchasing goods and services for their households. In the supermarket environment, an economic shopper will normally use price as a determinant of where they shop, and most often this type of shopper will shop at supermarket stores that are perceived to offer goods at cheaper prices than other stores (Hassan, Muhammad & Bakar, 2010).

The main elements of economic shopping orientations are focused on best price, competitive pricing across stores, and value for money (Hassan et al., 2010). These elements will be investigated in this study to understand how respondents rate supermarket loyalty programme satisfaction. The price preference of customers influences the selection of particular products, and the competitiveness across other supermarkets will be weighted in conjunction with value for money (tangible and intangible) in this study.

For this particular study, economic shopping orientation is an important construct to focus on as the consumer's economic shopping orientation presumes that price-conscious customers are less likely to be loyal, as they will compare prices across supermarkets and shop wherever they get the best deal, which will ultimately influence repeat purchase behaviour and the satisfaction of customers (Lee & Kim, 2008).

Economic shopping orientation is an important construct for this particular study as consumers who perceive benefits from comparing prices across supermarket stores are more likely to spread their purchases evenly across supermarket stores in their pursuit of good deals than consumers who do not find across-store price comparisons worthwhile (Mägi, 2003). This will ultimately determine if the customer engages with a supermarket loyalty programme based only on the monetary savings.

In the supermarket environment, loyalty programmes are designed to offer a set of values to the customer to encourage repeat purchases, retention, and long-term engagement with the brand. If customers place a high value on price benefits, this could drastically influence the performance of the loyalty programme and the level of satisfaction; hence supermarkets should place a high amount of importance on understanding the economic value required by their customers and ensure their loyalty offerings are aligned to this.

According to the study by Lee and Kim (2008), there is a direct influence on the level of satisfaction received by a customer based on the economic shopping orientation value that the loyalty programme provides. Consumers' economic shopping orientation specifically on price is argued to have a negative effect on customer satisfaction (Stone, 1954).



Customers who hold economic orientations in shopping will use lower pricing as a positive reasoning for selecting a product or service in the supermarket environment, thus contributing to satisfaction; on the other hand, higher pricing will provide a negative reasoning for selecting a product or service, thus contributing to dissatisfaction (El-Adly & Eid, 2016). Therefore, based on the aforementioned discussion, the following hypothesis is presented:

**H3: Economic shopping orientation will have a significant influence on customer satisfaction.**

### **3.3.3.2 Apathetic shopping orientation**

According to Hassan et al. (2010), apathetic shoppers can be defined as customers who do not discriminate between kinds of stores. These types of shoppers consider shopping as a necessity, and thus the main criteria used is locational convenience, time to shop, and ease of purchasing (Hassan et al., 2010). Location convenience is focused on the geographical location of supermarket stores conveniently located near and around the customer, making it effortless to reach the store. Apathetic customers want to spend as little time shopping as possible and want to find what they need quickly. The ease of the entire process of shopping in the supermarket, such as identifying products, selecting products, and the payment process, should be efficient and as quick as possible (Lee et al., 2008).

The concept of 'apathetic shopping' is considered important for this study as customers who place a large amount of their decision-making on the apathetic convenience aspect of their needs will rarely consider any other offerings of value, resulting in dissatisfaction with the supermarket offering. This type of shopping orientation becomes unfruitful for stores who place a large amount of resources on aspects such as quality or price when it is not a major determining factor for their customer and will not contribute to satisfaction (Bettencourt & Brown, 2003).

The apathetic shopping orientation is considered important for this study as a consumer's apathetic shopping orientation implies that apathetic customers (i.e., those who show low involvement with shopping) will be more likely to remain loyal to one supermarket store as they seek to reduce the effort and energy that is put into the process of shopping (Bettencourt & Brown, 2003).

Supermarkets will benefit in understanding the level of interest that the customer has in the store location, time to shop, and ease of purchasing. These attributes will encourage the customer's repeat purchase behaviour and ultimately help determine if the customer will be satisfied with the supermarket based solely on convenience.

According to Mägi's (2003) study, the apathetic shopping behaviour of customers directly influences the level of satisfaction that a customer experiences with a supermarket loyalty programme. The studies indicate that when a customer has an apathetic shopping orientation, they will likely be satisfied with a supermarket based on the ease and convenience, and if it allows them to spend less time purchasing goods and services. Therefore, apathetic shopping orientations can be seen as a key determinant of customer satisfaction outside of the actual product offering. Therefore, based on the above discussion, the following hypothesis is presented:

**H4: Apathetic shopping orientation will have a significant influence on customer satisfaction.**

#### **3.3.3.3 Personalisation shopping orientation**

The construct of personalisation shopping orientation can be defined as customers who enjoy the social aspect of building up relationships with store personnel, and who will remain loyal to one store based on the depth of the relationship formed; this includes customers who prefer shopping at a store "where they know my name", which is still regarded as relevant in smaller retail supermarket stores (Zainuddin & Mohd, 2013).

The personalisation shopping orientation is made of various elements that embody a personal experience, such as the staff's ability to be familiar with the individual customer's needs, personalised messaging, and personalised offerings (Hassan, et al., 2010). Zainuddin and Mohd (2013) expand on this, arguing that personal experience based on individualised knowledge of the customer, their needs, or past purchase history and preference, and understanding the personal style of the individual also forms part of personalisation shopping orientations.

For the study, the concept of personalisation shopping orientations is important as personal attachments formed between customers and the store personnel will greatly influence a customer's patronage of a store (Hassan, et al., 2010). The deeper the connection, the more engaged the customer is with the supermarket, the offerings and the more likely they will be satisfied by the service delivery.

This concept is also important for this study because supermarket loyalty programme satisfaction is influenced by the degree of personalisation that the customer prefers. Customers who are more inclined to be influenced by personalisation will gain a higher satisfaction from loyalty programmes that create personal relationships with customers. It is beneficial for supermarkets to be aware of this in order to increase satisfaction and loyalty (Lars, Christophe & Herbert, 2013).

According to the study by Lee and Kim (2008), the customer's level of satisfaction is directly influenced by the level of personalisation that they receive. The more personal the relationship is between the supermarket (its loyalty offerings) and the customer, the greater the likelihood of satisfaction because of the connection or relation made between the supermarket store and customer. Therefore, based on the above discussion, the following hypothesis is presented:

**H5: Personalising shopping orientation will have a significant influence on customer satisfaction.**

### **3.3.4 The influence of customer satisfaction on customer loyalty**

Customer satisfaction and customer loyalty, which were discussed in Sections 3.2.3 and 3.2.4, are theories that underpin this study. This section explores the possible interconnection between these two theories, and how customer satisfaction may influence customer loyalty.

Supermarkets have begun using loyalty programmes to increase their customers' satisfaction, prevent competitors from poaching their customers, and most importantly, encourage loyalty to the supermarket's offerings (Hassan et al., 2010). The brand loyalty of most supermarkets is driven by highly satisfied customers who are less likely to be influenced by the competitor's loyalty programmes (Zakaria, Rahman, Othman, Yunus, Dzulkpli & Osman, 2014).

For this study, this interconnected relationship between customer satisfaction and customer loyalty will be measured as there is a strong relationship between customer satisfaction and loyalty (Al-Maslami, 2015). Numerous studies have shown a positive relationship between satisfaction and measures of re-purchase intention, leading to loyalty (e.g. Vesel & Zabkar, 2009; Choi, 2013; Souki, 2008; Allameh et al., 2012). Khadka and Maharjan (2017) state that in the relationship between customer loyalty and customer satisfaction, customer loyalty will increase significantly when satisfaction accomplishes a certain level, and at the same time, customer loyalty will drop dramatically if the satisfaction level drops to a certain point. Highly satisfied customers tend to be more loyal customers than the customers who were merely satisfied because of the sense of trust earned through satisfied experiences (Khadka & Maharjan, 2017). If consumers are satisfied with the product or service, they are more likely to carry on purchasing, and are more willing to spread positive word-of-mouth, which is seen as an important factor for supermarket stores because positive experiences and customers' word of mouth will contribute to building trust from other customers.

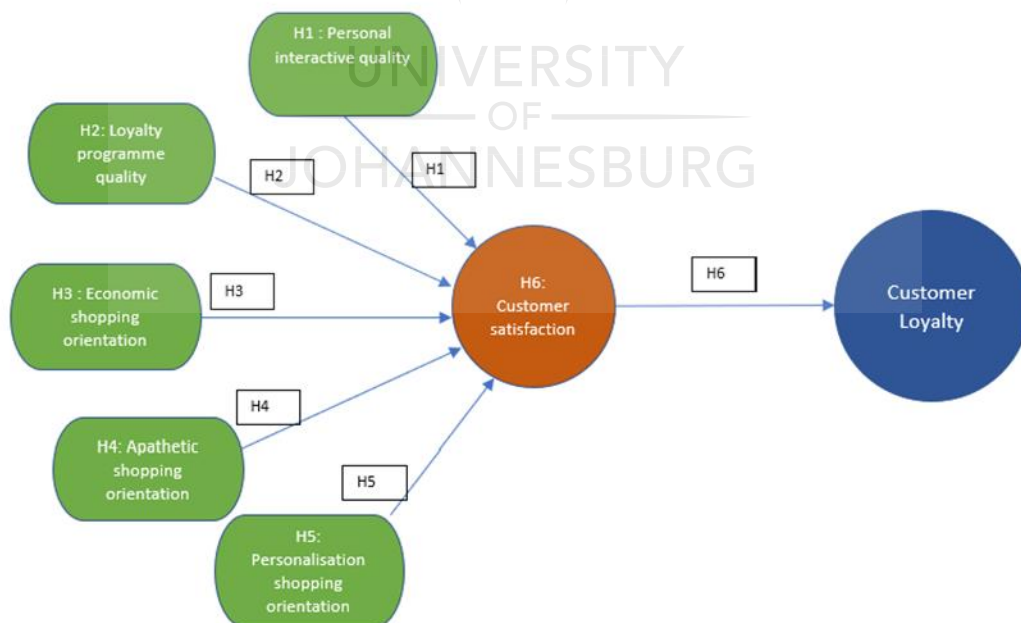
Vessel and Zabkar (2009) and Mägi's (2003) studies investigated the above-mentioned construct relationship and identified how customer satisfaction mediates the relationship growth to loyalty to the supermarket. The literature reinforces this connection, implying that customer satisfaction is an antecedent of customer loyalty. The final construct for this study will investigate this linkage between customer satisfaction and customer loyalty. Therefore, based on the aforementioned, the following hypothesis is presented:

**H6: Customer satisfaction will have a significant influence on customer loyalty towards a supermarket loyalty programme.**

### 3.4 Model to be tested in the study

Based on the combination of two key studies, by Mägi (2003) and Vesel and Zabkar (2009), the theoretical model presented below provides a diagrammatical overview of the selected study constructs and linkages.

**Figure 3.1: Theoretical model highlighting the study's constructs and linkages**



Source: Researchers own construct

### **3.5 Conclusion**

Chapter 3 has outlined key theories underpinning the study and provided insight into other studies and constructs investigated, with a final detailed view of the constructs proposed for this study. The following chapter 4 will provide an overview of the research design and methodology.



## **CHAPTER 4**

### **RESEARCH DESIGN AND METHODOLOGY**

#### **4.1 Introduction**

In Chapter 3, a detailed view of the theories underpinning the study was provided, followed by the proposed constructs that the study intends to investigate. Chapter 4 provides a detailed view of how the study will be conducted and how the data will be retrieved to answer the research questions.

The study applied the research process designed by Saunders et al. (2019). This research process begins with Steps 1, 2, and 3: the research in the relevant field; formulating a research topic based on the research findings; thereafter critically reviewing literature. Chapters 2 and 3 discussed the current industry's environment, supporting theories and literature that validated the interest in the topic of this study (Steps 1, 2, and 3). Chapter 4 now focuses on Steps 4 to 9 of the research process, which include: understanding the research philosophies and approach; the research design; selection of the sample technique; ethical review; data analysis; and finally, formulating a report. These stages, which are shown in Figure 1 below, are discussed next.

UNIVERSITY  
OF  
JOHANNESBURG

**Figure 4.1: Research Process**



Source: Adapted from Saunders et al. (2019)

## **4.2 Research philosophies and approach (Step 4)**

### **4.2.1 Philosophical paradigm**

A research philosophy is used to underpin the position from which a researcher views the world (Saunders et al., 2012:127; Creswell, 2014). There are five main philosophical approaches to research: positivism, critical realism, pragmatism, postmodernism, and interpretivism.

Saunders, Mark, and Thornhill, (2019) define critical realism as a branch of philosophy that distinguishes between the 'real' world and the 'observable' world. The 'real' cannot be observed and exists independent from human perceptions, theories, and constructions (Brant & Panjwani, 2015).



The authors say further that this philosophy is focused on understanding the underlying causes and mechanisms through which deep social structures shape everyday organisational life (Saunders et al., 2019; Brant & Panjwani, 2015). In this particular study, however, a critical realism approach is not used because the focus is on behaviour in the real world without looking into the social influences.

Interpretivism can be defined as the theories about how we gain knowledge of the world, which loosely relies on interpreting or understanding the meanings that humans attach to their actions (Myers, 2008). Saunders et al. (2019) state further that different people from different cultural backgrounds have different experiences and therefore create different meanings attached to their actions, making it important to understand these social differences in a study. This philosophy is more suited for qualitative data and takes on a form of high subjectivism, with a focus on narratives, stories, perceptions, and interpretation. Interpretivism is not suitable for this study as the focus is on the overall behaviour of customers, and not the subjective side of respondents.

In a postmodernism approach, emphasis is placed on language and power relations; this approach is centred on questioning accepted ways of thinking and giving a voice to an alternative way of thinking and views that are disregarded most of the time in society (Hair, Celsi, Money, Samuel & Page, 2015). It is a reinterpretation of what knowledge is and what it should be, with a focus on the absences, silences, and oppressed/repressed meanings, interpretations, and voices. This type of philosophy will not be suitable for this study as the study's intention is to observe actual behaviour rather than suppressed, hidden feelings and views.

Pragmatism is a philosophical movement that includes those who claim that an ideology or proposition is true if it works satisfactorily; this approach argues that the meaning of a proposition is found in the practical consequences of accepting it, while unpractical ideas are to be rejected (Feilzer, 2010:08). Saunders et al. (2019) state that reality carries the most importance and matters to pragmatists as the real or practical effects of the ideas and knowledge is most valuable for enabling actions to be carried out successfully.

Saunders et al. (2019) and Bryman and Bell (2011) explain that positivism is a philosophical stance that scientists take through collecting data about an observable reality and investigating regularities and relationships; this data is typically used to test theoretical models. This study followed a positivism paradigm as the study involved the collection of data from customers about their perceptions of supermarket loyalty programmes. The study then searched for relationships or patterns between the customers' shopping orientations, the loyalty programme quality, personal interactive quality, customer satisfaction, and loyalty towards supermarket loyalty programmes, in order to deduce conclusions. These data insights were tested against hypotheses formulated from existing theory and independent from social actors, where the researcher observes an objective stance that is neutral and independent. Based on the above, positivism is the most suited philosophy for this study.

The next section will cover the plan and procedure that the study will undertake to collect, analyse, and interpret the data.

#### **4.2.2 Research approach**

Theory is a standardised research principle used to explain the relationship between two or more concepts and variables (Saunders et al., 2012:144). Theory can be developed using an inductive, deductive, or abductive approach (Leavy, 2017:11).

According to Saunders et al. (2019), Creswell (2014) and Babbie and Mouton (2008) an inductive approach focuses on the collection of data and the development of a theory. Data collection is used to explore a phenomenon, identify themes and patterns, and create a conceptual framework. This study is not formulating theory but testing existing theory.

An abductive approach is a combination of deductive and inductive approaches, with the researcher moving back and forth between data and theory. A deductive approach occurs when the research explores theory developed from academic literature, and the researcher designs a research strategy to test the theory (Leavy, 2017).

A deductive approach entails the generation or modification of theory, incorporating existing theory where appropriate, to build new theory or modify existing theory (Hair et al., 2015). This study will not be reworking existing theory but testing existing theories (i.e. theories related to shopping orientations and the relationship between satisfaction and loyalty).

For this research, the deductive approach was applied to evaluate hypotheses against data collected of customers' perceptions of shopping orientations, loyalty programme quality, and personal interactive quality performance against customers' satisfaction and loyalty to supermarket loyalty programmes (Saunders et al., 2012). This study aimed to prove existing theory falsification or verification using a deductive approach. The study is operationalised through quantitative data, which enables facts to be measured and generalised across a suitable large sample size, all of which are characteristics of a deductive approach (Saunders et al., 2019; Hair et al., 2015).

### **4.3 Formulating the research design (Step 5)**

#### **4.3.1 Research design**

The research design is considered to be the blueprint of the proposed research topic and it clarifies the methods used in the research study (Creswell, 2014). There are three key research design approaches: exploratory, explanatory, and descriptive.

An exploratory research design is normally selected when there is insufficient information about the subject, and the problem has not been clearly defined (Saunders et al., 2019). The aim of using an exploratory research design is not to provide a definite answer but to explore the research topic.

A descriptive research design is usually structured and designed specifically to measure the characteristics described in a research question. The objective of descriptive research is to portray an accurate profile of persons, events, or situations (Hair et al., 2015). Descriptive studies cannot explain why an event has occurred and is much suitable for a relatively new or unexplored research area (Punch, 2005).

Saunders et al. (2019) define explanatory research, which is grounded in theory, as research that is used to answer why and how questions. Explanatory research is more focused on understanding, explaining, predicting, and controlling relationships between variables than on detecting causes. Explanatory studies go beyond description; they try to provide an understanding of and explanation for the outcome. In an explanatory study, the researcher uses theories or hypotheses to represent the forces that caused a certain phenomenon to occur.

This study followed a descriptive research design through the use of methods and techniques to describe customers behaviour and relationships in the study which most often uses quantitative data (Burns & Bush, 2010). Descriptive research design assisted in investigating the relationship and influence of shopping orientations, loyalty programme quality, and personal interactive quality on customer satisfaction, and the relationship between satisfaction and customer loyalty towards supermarket loyalty programmes. This descriptive research is informed by underlying theories and aims to develop an understanding of the influence and interlinkage of the relationships between the research constructs discussed in Chapter 3.

**Table 4.1 Research paradigm and methodology**

<b>Methodological aspect</b>	<b>Phase</b>
<b>Type of research</b>	Quantitative research
<b>Research format</b>	Descriptive research
<b>Target population</b>	Customers between the ages of 18 and 65 who have purchased groceries at a supermarket store within Gauteng in the last six months, and who use their loyalty programme card when purchasing. Supermarkets included in this research are Shoprite, Checkers, Spar, Woolworths, and Pick n Pay stores.
<b>Sampling units</b>	Male and female respondents between the ages of 18 and 65 who have access to web-based or mobi-based internet.
<b>Time</b>	September 2020
<b>Sampling size</b>	300 male and female respondents

<b>Methodological aspect</b>	<b>Phase</b>
<b>Sampling technique</b>	Non-probability snowball sampling
<b>Data collection instruments</b>	Questionnaires adapted from previous studies (see Appendix 1) that are self-completed and accessed via a hyperlink shared via email to initial respondents. Hyperlink used: <a href="https://cutt.ly/Vzx9ELk">https://cutt.ly/Vzx9ELk</a>
<b>Data analysis</b>	SPSS version 25.0 AMOS will be used to analyse data from the questionnaires

The research questions were addressed in a quantitative manner on the questionnaire, to easily compare and interpret findings from multiple customers. The questionnaire incorporated closed-ended questions that complemented each data set and the data was quantified using a mono-method quantitative approach.

The mono quantitative method was applied because the research aimed to gain insights into customers' perceptions, which was tested against a conceptual model developed from theory. By using quantitative methods, the research collected rich, comprehensive data and was able to compare and align feedback from respondents, thus eliminating misinterpretation (Creswell & Plano-Clark, 2011). Quantitative methods were used to describe data and to explore and examine relationships and trends within the data rather than interpret it (Creswell, 2014). Quantitative methods were required in this study in order to test the customer perception hypothesis. Quantitative methods aligned well with positivism when used through a descriptive deductive strategy (Saunders et al., 2019).

#### **4.3.2 Research strategy**

According to Dinnen (2014), a research strategy is a detailed plan of action that gives direction to a researcher's thoughts and efforts, thus allowing the researcher to conduct research systematically and to produce quality, detailed reporting.

A questionnaire strategy was used to support the research paradigm in this study, as it employs a deductive approach to collect information and validate or disprove a theory (Saunders et al., 2019). A questionnaire is considered the most fitting strategy for this study because this study is descriptive and uses quantitative methods (Creswell, 2014). In addition, the questionnaire strategy was seen as most appropriate in order to comply with Covid-19 restrictions in place, which limit personal contact among people and do not allow gatherings; focus groups, personal interactions through face-to-face interviews, or researcher-administered questionnaires were therefore not allowed.

This study's questionnaire strategy included the use of online self-administered questionnaires through Microsoft forms. The questionnaire included closed-ended questions to collect data. Questionnaires allow the study to obtain data from a sizable population, which allows for a more accurate observation that reflects the population (Bak, 2004). Online self-administered questions were seen as the most suitable approach considering the large sample size for this study, and to reduce the time and cost of collecting data, as opposed to focus groups (Hair et al., 2015).

#### **4.3.3 Time horizon**

'Time horizon' refers to whether data is collected to measure a progressive pattern over a longer-term period of time, also known as longitudinal, or to understand a phenomenon at a particular time, also known as cross-sectional (Saunders et al., 2019:190; Bryman et al., 2011).

Longitudinal studies are focused on observing change and development over long periods of time and they provide a measure of control over the variables being studied (Nair, 2015). This study was not longitudinal because the researcher was only interested in determining consumers' perceptions at the time of the study and not whether there were any changes in behaviour over time. This study was conducted through the month of September 2020.

The study's focus was on a short-term period of observation to isolate the usage in loyalty programmes and explore customer perceptions within the current South African environment. This study adopted a quantitative approach that required a short period of time to collect and capture data. Due to time restrictions and other requirements for this study mentioned in section 4.6.1.5 of this chapter, and because this study is cross-sectional, a questionnaire strategy was seen as the best suited method for collecting the data required (Saunders et al., 2019).

#### **4.4 Negotiating access and research ethics (Step 6)**

##### **4.4.1 Ethics**

The most important ethical concern for this study was obtaining ethical clearance. The study's questions were approved by the University of Johannesburg's College of Business and Economics Research and Ethics committee (refer to Annexure 2 to view the ethical clearance document). The most common concerns that arise in research that employs online methods include ensuring anonymity, maintaining confidentiality, and obtaining informed consent in a virtual setting (Moreno, Moreno, Goniou & Diekema, 2013; Eynon, Fry, & Schroeder, 2011; Keller & Lee, 2010). Before completing the questionnaire, participants were informed that the completion of the questionnaire is voluntary, confidential, and anonymous, that feedback will only be used for this study, and that the participant is able to withdraw from completing the questionnaire at any time (Saunders et al., 2019).

The researcher ensured that all participants in the questionnaire gave consent to sharing their feedback for research purposes, by including a mandatory screening question seeking consent before participants could continue the questionnaire. The study also used screening questions to prevent vulnerable respondents under the age of 18 or over the age of 65 from responding to the questionnaire. Lastly, no harm or injury occurred during the online administration of the questionnaire.

Moreno et al. (2013) suggested that researchers should provide complete details of the study, including a readily available link that provides contact information, the study's aims, information on the data collection procedure, any potential benefits and harms, and steps taken to maintain anonymity and confidentiality of the participants. The questionnaire enclosed a detailed account of the above-mentioned items, clearly explaining the study aim, the researcher's contact details for additional information, and the process applied to securely store respondent's data within the university's electronic storage facilities, in line with the university's regulations.

## **4.5 Sample selection (Step 7)**

### **4.5.1 Techniques and procedures**

The methods that were used to select the participants, collect the data, and then analyse the data to address the research question are as follows:

#### **4.5.1.1 Sampling**

According to Burns, Veeck, and Bush (2017) sampling allows for conclusions to be developed for a population based on the sample data received. Burns et al. (2017:240) further define a population as the full set of cases from which a sample is drawn. The sample frame for the study are respondents within the Gauteng province. The table below provides more detail on the study's sample frame:



**Table 4.2: Sample frame**

<b>Population</b>	<b>Sampling method</b>	<b>Sample size</b>	<b>Inclusion criteria</b>
Gauteng's population of 15,200,000 people who have loyalty programme cards at a supermarket store (StatsSA,2019a)	Non-probability snowball sampling	A sample of 328 people was surveyed within the Gauteng area, of which 281 were valid. There was a 5% margin of error with a 95% confidence level. This sample size provided a fair representation of the wider 15.2 million people living in Gauteng (StatsSA, 2019b; Wizmaps, 2019).	Customers between the ages of 18 and 65 who have purchased groceries at a supermarket store within Gauteng and use their loyalty programme cards when purchasing. Supermarkets included in this research are Shoprite, Checkers, Spar, Woolworths, and Pick n Pay stores. Respondents who have access to internet web-based or mobi-based internet.

The reason for selecting from the population of Gauteng is that Gauteng is regarded as the metropolitan hub of South Africa; it is the biggest metropolitan area with the highest population, and 72% of its population is above the age of 18 (StatsSA, 2019b). The sample for this study is therefore reflective of the large population due to its size.

The research followed a non-probability snowball sampling technique as there was no known and available list of loyalty programme customers to contact and the population size of Gauteng is too large to test. A referral process of sharing the questionnaire link with respondents across Gauteng was applied to increase the speed of collection and reach populations that are difficult to sample. The reasons provided above explain why a snowball sampling method was followed instead of other sampling methods (Burns et al., 2017).

Due to the Covid-19 pandemic, restrictions were in place across South Africa, preventing social gatherings and paper-based questionnaires administered in person. This required the researcher to use an electronic questionnaire that was shared with a set of known respondents who were then requested to disseminate a link to a further group of unknown respondents. The screening questions eliminated unknown respondents who did not fit the questionnaire criteria. The online questionnaire was provided to participants through a link to Microsoft forms : <https://cutt.ly/Vzx9ELk>. The researcher had no access to the personal contact information of respondents who followed the initial respondents, and all data provided on the Microsoft form was anonymous and confidential.

#### **4.5.2 Data collection**

Data collection took place through online questionnaires. The questionnaire consisted of screening questions and then multiple-choice questions in the form of a five-point Likert-type scale because Likert scales are best suited to answer attitude- or opinion-related questions (Saunders et al., 2019). These types of questions help to record multiple questions on the same rating scale in order to quantify customers' feedback without affecting the accuracy of the answers. Customers were asked to rate questions across a scale of 'strongly agree', 'agree', 'neutral', 'disagree', and 'strongly disagree'.

The items used in the questionnaire were adopted and adapted from relevant studies within the similar field of shopping orientations, loyalty programme quality, and personal interactive quality: Oliver, Arnd, and Anja (2014); Beomjoon and Hyun (2013); Eid, Al-Sabbahy and Lockwood (2011); Omar and Musa (2011); He (2011); Vesel and Zabkar (2009) ; Vijayasarathy (2010); Mägi (2003). Table 4.3 provides an overview of the above.

**Table 4.3: Questionnaire questions and literature sources**

Variables /Constructs	Literature	Number of Items
Personal interaction quality	<ul style="list-style-type: none"> <li>Vesel, P. and Zabkar, V. (2009). <i>Managing customer loyalty through the mediating role of satisfaction in the DIY retail loyalty program</i>. University of Ljubljana, Slovenia</li> <li>Eid, K., Al-Sabbahy, H. and Lockwood, A. (2011). <i>Interaction quality in service encounter: Scale development and validation</i>. University of Surrey, UK.</li> </ul>	<p>4</p> <p>3</p>
Loyalty programme quality	<ul style="list-style-type: none"> <li>Vesel, P. and Zabkar, V. (2009). <i>Managing customer loyalty through the mediating role of satisfaction in the DIY retail loyalty program</i>. University of Ljubljana, Slovenia.</li> <li>Omar, N.A. and Musa, R. (2011). Measuring service quality in retail loyalty programmes (LPSQual): Implications for retailers' retention strategies. <i>International Journal of Retail and Distribution</i>. Vol. 39.2011, 10, p. 759-784</li> </ul>	<p>4</p> <p>5</p>
Economic shopping orientation	<ul style="list-style-type: none"> <li>Mägi, A.W. (2003). <i>Share of wallet in retailing: The effects of customer satisfaction, loyalty cards and shopper characteristics</i>. Department of Marketing, University of Florida, USA.</li> <li>He, Y. (2011). <i>College students' apparel shopping orientation changes in relations to life events</i>. Louisiana State University and Agricultural and Mechanical College.</li> </ul>	<p>4</p> <p>1</p>

<b>Variables /Constructs</b>	<b>Literature</b>	<b>Number of Items</b>
Apathetic shopping orientation	<ul style="list-style-type: none"> <li>Mägi, A.W. (2003). <i>Share of wallet in retailing: The effects of customer satisfaction, loyalty cards and shopper characteristics</i>. Department of Marketing, University of Florida, USA.</li> <li>Oliver, B., Arnd, F. and Anja, G. (2014). Shopping orientation as a stable consumer disposition and its influence on consumers' evaluations of retailer communication. <i>European Journal of Marketing</i>, 48: 1026-1045.</li> </ul>	4  1
Personalisation shopping orientation	<ul style="list-style-type: none"> <li>Mägi, A.W. (2003). <i>Share of wallet in retailing: The effects of customer satisfaction, loyalty cards and shopper characteristics</i>. Department of Marketing, University of Florida, USA.</li> <li>Beomjoon, C. and Hyun, K. (2013). The impact of outcome quality, interaction quality, and peer-to-peer quality on customer satisfaction with a hospital service. <i>Managing Service Quality</i>. 23. Journal of service theory and practice. DOI 10.1108/09604521311312228.</li> </ul>	4  1
Satisfaction	<ul style="list-style-type: none"> <li>Beomjoon, C. and Hyun, K. (2013). The impact of outcome quality, interaction quality, and peer-to-peer quality on customer satisfaction with a hospital service. <i>Managing Service Quality</i>. Journal of service theory and practice. DOI 10.1108/09604521311312228.</li> <li>Vesel, P. and Zabkar, V. (2009). <i>Managing customer loyalty through the mediating role of satisfaction in the DIY retail loyalty program</i>. University of Ljubljana, Slovenia.</li> </ul>	3  3

Variables /Constructs	Literature	Number of Items
Loyalty	<ul style="list-style-type: none"> <li>Beomjoon, C. and Hyun, K. (2013). The impact of outcome quality, interaction quality, and peer-to-peer quality on customer satisfaction with a hospital service. <i>Managing Service Quality</i>. Journal of service theory and practice. DOI 10.1108/09604521311312228.</li> </ul>	2
	<ul style="list-style-type: none"> <li>Vesel, P. and Zabkar, V. (2009). Managing customer loyalty through the mediating role of satisfaction in the DIY retail loyalty program. University of Ljubljana, Slovenia.</li> </ul>	3

The questionnaire questions were focused on obtaining respondents' perceptions and attitudes towards the constructs being measured, which were obtained from the studies indicated in the table above. Seven constructs were tested in this study: economic shopping orientation; apathetic shopping orientation; personalisation shopping orientation; personal interactive quality; loyalty programme quality; customer satisfaction; and loyalty. Each construct was presented in a sub-section within the questionnaire.

The questions included both positive and negative statements to ensure that the respondent read each one carefully and thought before ticking a box (Saunders et al., 2019). Annexure 1 provides a detailed overview of the items and their source.

The layout of the questionnaire was as follows:

4.5.2.1 A questionnaire cover letter clearly informing respondents about the study's aim, that their participation is voluntary, that the respondent can stop completing the questionnaire at any point in time, and information on the handling and storage of data, and their confidentiality. The cover letter also provided contact details of the researcher, should the respondent wish to contact them.

4.5.2.2 A consent to participate question was mandatory to complete before the respondent could proceed to the next question. Additionally, screening questions were included to ensure that only respondents between the ages of 18 and 65 years who have purchased at a grocery store using their loyalty programme card in the past six months within the Gauteng area completed the questionnaire. There was no record of respondents' personal contact details. The questionnaire method allowed for immediate data collection and upholding anonymity and confidentiality.

4.5.2.3 The questionnaire was divided into three sections:

- a. The first section was a screening question to ensure that consent was provided by the respondent and that they resided in Gauteng.
- b. Section two raised demographic questions to identify age and sex.
- c. Section three consisted of seven sub-sections, which focused on each construct identified in Chapter 3 and Table 4.3 above:
  - i. Economic shopping orientation;
  - ii. Apathetic shopping orientation;
  - iii. Personalisation shopping orientation;
  - iv. Personal interactive quality;
  - v. Loyalty programme quality;
  - vi. Customer satisfaction; and
  - vii. Loyalty.

A pilot study was conducted with 20 respondents in order to refine the online questionnaire and ensure that the questions were clear and easy to understand for the actual sample population. In addition, this pilot study enabled the researcher to test the validity and reliability of the data collected, and helped ensure that the data from the questions addressed the study's objectives (Bell, 2010).

Some of the feedback received from respondents included a request for province specification, age brackets for ease of response, and finally, a reiteration in the closing message of the questionnaire that the link should be shared with other respondents between the ages of 18-65 years who reside in Gauteng. Based on the feedback received from the pilot study, the questionnaire was adapted accordingly. The data from the pilot was excluded from the final data.

## **4.6 Analysing quantitative data (Step 8)**

### **4.6.1 Data analysis**

To analyse the data, descriptive statistics, factor analysis, and regression analysis were run in SPSS 11. These methods and analyses are discussed in more detail below. The data collected was used to measure the levels of agreement with respect to items on shopping orientation, loyalty programme quality, personal interactive quality, satisfaction, and loyalty. The analysis began by coding categorical data in SPSS and interpreting the findings (presented in Chapter 5) and drawing conclusions from the data (presented in Chapter 6)

#### **4.6.1.1 Descriptive statistics**

According to IBM (2012), SPSS's descriptive statistics such as frequency, percentage, standard deviation, and means are calculated in order to describe the constructs and their corresponding items. The distribution of the data (i.e. skewness and kurtosis) was also tested to ensure a fair distribution of data (Zikmund, Carr, Griffin, Babin and Carr. 2013) ; the skewness range must be between -2 and +2, while the kurtosis range will be -7 and +7 (Pallant, 2016a). If data falls within these ranges, a fair distribution of data can be concluded and thereafter the most agreeable and least agreeable construct statements in the questionnaire can be investigated.

#### **4.6.1.2 Factor analysis**

Factor analysis can be divided into two segments: Exploratory Factor Analysis (EFA) and Confirmatory Factor Analysis (CFA). Factor analysis allows for a deeper look into the groupings of constructs being measured.

The constructs measured in this study were adopted from previous studies, as mentioned in Chapter 3 (Section 3.7). As these previous studies' scales were already validated and used an EFA process, all the studies were not conducted in an emerging market such as an African market; therefore, both EFA and CFA were applied in this study. The use of both EFA and CFA is also supported by Hurley et al. (1997:676).

For this study, an EFA was first carried out on each of the adopted factors to establish the interrelationship among the set of variables and to determine which factor needs to be removed (underlining latent variables) (Pallant, 2016:181a). Thereafter, a CFA was conducted to confirm the structure, i.e., that the factors actually measure the constructs (Pallant 2016a).

#### **4.6.1.3 Multiple regression analysis**

A stepwise multiple regression analysis was applied in this study. Multiple regression is an extension of simple linear regression to take a closer look at the interrelationship of the variables. Multiple regression is used to predict the value of a variable based on the value of two or more other variables (Zikmund et al., 2013). In this study, multiple regression analysis was applied to investigate the associations between the constructs measured in the study to test the study's hypotheses. For this study, the variables investigated were personal interactive quality, loyalty programme quality, shopping orientations (economic, apathetic, and personalisation), customer satisfaction, and lastly, loyalty. The normality was analysed, meaning the level of skewness and kurtosis, and the outliers, which refers to the data results located further out than the majority of data, should be within an acceptable range. Lastly, the linearity between variables were viewed through scatterplots. If all of the above assumptions are met, the study will be able to conclude multiple regression analysis and proceed to analysing the hypotheses.

#### **4.6.1.4 Objectivity**

The research attained a high level of objectivity due to the researcher not being involved in the interview process and not asking open-ended qualitative questions that could lead to bias interpretation. The questionnaire was designed to provide quantified data, eliminating the error of interpretation.



#### **4.6.1.5 Limitations**

The study's limitations included the lack of access to loyalty programme databases in South Africa due to confidentiality restrictions. The research would have been richer if it had gained insights of customer perceptions from users active in each programme type. Another limitation was that the entire population could not be surveyed due to the large size of consumers in South Africa, hence the researcher selected the area Gauteng. All known respondents resided in Gauteng and there was a mandatory screening question asking respondents to confirm their province of main residence, coupled with a message at the end of completing the questionnaire that requested respondents to forward the questionnaire to respondents residing in Gauteng. Although the researcher conducted the research as a cross-sectional study, it would be interesting to understand customers' perceptions over a longer period of time; however, limitations of research time and cost implications were taken into consideration when designing this research approach. There are factors that may influence customers' questionnaire responses, such as economic environment, fuel price increases, inflation, etc. All of these factors may influence purchasing behaviour and affect the perceptions of customers at the time of completing the questionnaire, however due to time and cost constraints, these factors were not included in this study.

#### **4.7 Present project report (Step 9)**

According to Zikmund et al. (2013), formulating the research report will help present the conclusions drawn from the study's data analysis.

#### **4.8 Conclusion**

This chapter outlined the key strategy and plan to collect and analyse the data in accordance with the proposed hypotheses in Chapter 3. Detailed information regarding the mono-methods design, its relevance to this study, and its general characteristics were explored in this chapter. The findings that will be presented in Chapter 5 are built from the methodology outlined in this chapter, by employing the proposed data strategy and analysis approaches to analyse the quantitative data collected.

## **CHAPTER 5**

### **DATA ANALYSIS AND INTERPRETATION**

#### **5.1 Introduction**

Chapter 4 focused on the research methodology and research process that was applied for this study. This chapter will discuss the insights and results gained from analysing the questionnaire data. Further to this, this chapter will present the results of the hypotheses stated in Chapter 1. This chapter will begin with an overview of the research objectives, the realisation rate, the demographic profile of the sample. This is followed by a descriptive analysis for each of the constructs measured in the study. Thereafter, the exploratory factor analysis (EFA), confirmatory factor analysis (CFA), reliability, and validity is presented. The final sections of the chapter focus on the regression analysis, hypothesis testing, and a summary of the findings.

#### **5.2 Overview of the research objectives**

The primary research objective of this study is to determine the influence of personal interactive quality, loyalty programme quality, and shopping orientations on customer satisfaction of supermarket loyalty programmes, as discussed in Chapter 3 (Section 3.3). Having set the above as the primary objective, the secondary objective of this study is to understand the influence of customer satisfaction on customer loyalty of the supermarket loyalty programmes, as discussed in Chapter 3 (Section 3.3). The results and data findings will be discussed in the remainder of this chapter.

#### **5.3 Realisation rate**

The sample for this study consisted of respondents who reside in Gauteng and have used a supermarket loyalty card in the past six months. In addition, these respondents were South African citizens between the ages of 18 and 65 who have access to the internet. More detail around the questionnaire collection has been addressed in Chapter 4 (Section 4.5).

A total of 328 questionnaires were obtained from respondents; after cleaning and removing incomplete questionnaires (i.e., they were not completed, did not meet the mandatory requirements of the study, or respondents exited before completing the questionnaire), 281 of these responses were viable for statistical analysis. This provided a realisation rate of 85.7%. The section to follow will describe the demographic profile and the general loyalty programme usage of the sample, using descriptive statistics.

#### 5.4 Demographic profile and general loyalty programme usage

The table below indicates the frequency and valid percentage of respondents' answers to the demographic section of the questionnaire highlighted in Sections 1 and 2 of the questionnaire in Annexure 1.

**Table 5.1: Demographic profile of respondents**

Items	Description	Frequency	Percentage
Age	18-24	22	7.8%
	25-29	56	19.9%
	30-34	33	11.7%
	35-39	32	11.4%
	40-44	37	13.2%
	45-49	33	11.7%
	50-55	34	12.1%
	56-59	14	5.0%
	60-65	20	7.1%
	Missing	0	0.0%
	<b>Total:</b>	<b>281</b>	<b>100%</b>
Gender	Male	102	36.3%
	Female	150	53.4%
	Gender non-conforming	2	0.7%
	Prefer not to state	27	9.6%
	<b>Total</b>	<b>281</b>	<b>100%</b>

From the study results presented in Table 5.1 above, majority of the respondents were in the age interval of 25-29 years, (19.9%, n = 56), followed by 40-44 years (13.2 %, n = 37), and 30-34 years and 45-49 years (both with 11.7%, n = 33). When analysing the gender data responses, it was found that 53.4% were female, 36.3% were male, and 9.6% preferred not to state their gender.

Table 5.2 below describes the frequency and valid percentage of customers using their loyalty programme cards and the stores they purchase from most.

**Table 5.2: Loyalty programme usage**

Items	Description	Frequency	Percentage
How often do you use your grocery store loyalty programme (loyalty card)?	Daily	23	8.2%
	Once a week	93	33.1%
	More than once a week	84	29.9%
	Less than once a week but more than once a month	47	16.7%
	Once a month	29	10.3%
	Less than once a month	5	1.8%
	<b>Total</b>	<b>281</b>	<b>100%</b>
Items	Description	Frequency	Percentage
Which grocery store do you purchase from the most?	Pick n Pay	91	32.4%
	Checkers	84	29.9%
	SPAR	49	17.4%
	Woolworths	57	20.3%
	<b>Total:</b>	<b>281</b>	<b>100%</b>

When analysing how often respondents use their loyalty programme cards, as presented in Table 5.2, majority of respondents stated that they use their loyalty cards once a week (33.1%, n = 93), followed by more than once a week (29.9%, n = 84). The final question of the questionnaire's loyalty programme card usage screening section asked respondents to name the supermarket where most of their purchases took place. In response, Pick n Pay had the majority responses (32.4%, n = 91), followed by Checkers (29.9%, n = 84) and Woolworths (20.3%; n = 57). The next sections provide a descriptive analysis of the constructs measured in this study.

### **5.5 Personal interactive quality, loyalty programme quality, and shopping orientations influence on customers' satisfaction of supermarket loyalty programmes**

The potential influence of personal interactive quality, loyalty programme quality, and shopping orientations on customers' satisfaction and loyalty were discussed in Chapter 3 (Section 3.3). For this study, a 5-point Likert-type scale was applied to measure the constructs. The Likert scale ranged from "1 - strongly disagree" to "5 - strongly agree". The descriptive results of these elements are unpacked in this section.

For further analysis, it is necessary to determine if the data collected is normally distributed. This can be determined by the skewness and kurtosis of the data. For data to be normally distributed, skewness should be between -2 and +2, and kurtosis should be between -7 and +7 (Pallant, 2016a). Sub-sections 5.5.1 to 5.5.6 below present a discussion of the descriptive statistics presented in Table 5.3.

**Table 5.3: Mean, skewness, and kurtosis**

<b>Personal Interactive Quality</b>	<b>Mean</b>	<b>Std Deviation</b>	<b>Skewness</b>	<b>Kurtosis</b>
PI 1: Employees of my grocery store have the knowledge to answer my questions	3.29	1.046	- 0.267	- 0.374
PI 2: The behaviour of my grocery store employees instils my confidence	3.28	1.029	- 0.260	-0.209
PI 3: Employees of my grocery store are never too busy to respond to my request	3.31	1.103	- 0.227	-0.646
PI 4: Employees of my grocery store give me individual attention	3.01	1.180	0.012	-0.742
PI 5: Employees have the necessary skills to perform their job in my grocery store	3.43	1.047	- 0.379	-0.286
PI 6: Employees asked if my needs had been met in my grocery store	2.84	1.161	0.074	-0.714
PI 7: Employees were able to handle my complaints directly and immediately in my grocery store	3.37	1.094	- 0.273	-0.580
<b>Overall Personal Interactive Quality</b>	<b>3.22</b>	<b>1.094</b>	<b>-0.19</b>	<b>-0.32</b>
<b>Loyalty Programme Quality</b>	<b>Mean</b>	<b>Std Deviation</b>	<b>Skewness</b>	<b>Kurtosis</b>
LP 1: A good loyalty programme offers discounts or rewards that can be redeemed at the grocery store for buying any product or service from the grocery store	4.42	0.833	-1.543	2.253

<b>Loyalty Programme Quality (continued)</b>	<b>Mean</b>	<b>Std Deviation</b>	<b>Skewness</b>	<b>Kurtosis</b>
LP 2: A good loyalty programme provides me with information about the total of all purchases that I made with the loyalty card at the point of purchase (till)	4.32	0.855	-1.491	2.242
LP 3: The terms and conditions of my grocery store loyalty programme are transparent for me	3.82	1.102	-0.652	-0.362
LP 4: The terms and conditions of my grocery store loyalty programme is comprehensive for me	3.63	1.078	-0.435	-0.519
LP 5: My grocery store loyalty programme offers desirable rewards for me	3.74	1.067	-0.632	-0.180
LP 6 My grocery store loyalty programme gives me enough time to redeem my points/discounts	3.68	1.129	-0.703	-0.167
LP 7: My grocery store loyalty programme lets me earn points/discounts quickly	3.72	1.047	-0.723	0.130
LP 8: My grocery store loyalty programme informs me about expiry date of my points/discounts	3.50	1.162	-0.504	-0.453
LP 9: My grocery store loyalty programme informs me of participating outlets	3.39	1.199	-0.396	-0.665
<b>Overall Loyalty Programme Quality</b>	<b>3.80</b>	<b>1.052</b>	<b>-0.79</b>	<b>0.25</b>

<b>Economic Shopping Orientations</b>	<b>Mean</b>	<b>Std Deviation</b>	<b>Skewness</b>	<b>Kurtosis</b>
ES 1: I choose to shop at my grocery store as it has the best deals at the time	3.59	1.000	-0.468	-0.036
ES 2: I read the advertisements for announcements of sales / discounts across all grocery stores supermarkets	3.63	1.082	-0.576	-0.221
ES 3: I compare what I get for my money across grocery stores	3.66	1.084	-0.659	-0.148
ES 4: I choose what grocery stores to go to based on where I can find what I need for the best prices	3.64	1.087	-0.566	-0.306
ES 5: I profit from comparing prices across many grocery stores	3.71	1.082	-0.640	-0.155
<b>Overall Economic Shopping Orientations</b>	<b>3.65</b>	<b>1.067</b>	<b>-0.58</b>	<b>-0.17</b>
<b>Apathetic Shopping Orientation</b>	<b>Mean</b>	<b>Std Deviation</b>	<b>Skewness</b>	<b>Kurtosis</b>
AS 1: I want to spend as little effort as possible on grocery shopping	3.88	1.072	-0.527	-0.862
AS 2: I want to take as little time as possible when shopping in my grocery store	3.86	1.078	-0.547	-0.778
AS 3: I think grocery shopping is a necessary evil	3.46	1.201	-0.254	-0.902
AS 4: I enjoy shopping for groceries	3.26	1.204	-0.351	-0.714
AS 5: I spend as little time as possible on grocery shopping	3.48	1.099	-0.145	-0.844
<b>Overall Apathetic Shopping Orientation</b>	<b>3.59</b>	<b>1.131</b>	<b>-0.36</b>	<b>-0.82</b>



<b>Personalisation Shopping Orientation</b>	<b>Mean</b>	<b>Std Deviation</b>	<b>Skewness</b>	<b>Kurtosis</b>
PS 1: I think personal contact with grocery stores personnel is important	3.33	1.153	-0.448	-0.506
PS 2: I think it is important to be recognised by a grocery store's personnel	3.40	1.188	-0.482	-0.576
PS 3: I only shop at my grocery store because I know the staff is friendly	3.17	1.191	-0.263	-0.811
PS 4: I would say that my grocery store personnel show a genuine care in my personal circumstances	3.15	1.186	-0.357	-0.681
PS 5: I like to shop where people know me	3.20	1.255	-0.404	-0.849
PS 6: I think it is important that there are staff members to talk to in my grocery store in which I shop in	3.35	1.165	-0.586	-0.416
<b>Overall Personalisation Shopping Orientation</b>	<b>3.27</b>	<b>1.190</b>	<b>-0.42</b>	<b>-0.64</b>
<b>Customer Satisfaction</b>	<b>Mean</b>	<b>Std Deviation</b>	<b>Skewness</b>	<b>Kurtosis</b>
S 1: Overall, I would say that I am satisfied with the loyalty programme offered by my grocery store	3.74	0.950	-0.636	0.279
S 2: Buying at my grocery store is one of my best decisions	3.60	0.925	-0.453	0.042
S 3: I have truly enjoyed buying at my grocery store	3.63	0.853	-0.312	0.014

<b>Customer Satisfaction (continued)</b>	<b>Mean</b>	<b>Std Deviation</b>	<b>Skewness</b>	<b>Kurtosis</b>
S 4: I am sure it was the right thing buying at my grocery store	3.67	0.845	-0.357	0.117
S 5: My grocery store satisfies my expectations	3.76	0.826	-0.450	0.179
S 6: I am satisfied with my grocery store compared with other grocery stores	3.73	0.818	-0.212	-0.059
<b>Overall Customer Satisfaction</b>	<b>3.69</b>	<b>0.870</b>	<b>-0.40</b>	<b>0.10</b>
<b>Customer Loyalty</b>	<b>Mean</b>	<b>Std Deviation</b>	<b>Skewness</b>	<b>Kurtosis</b>
L 1: I really care about the fate of my grocery store	3.58	0.949	-0.621	0.367
L 2: I am willing to put in extra effort to buy from my grocery store	3.44	1.041	-0.608	0.035
L 3: I expect to stay with my grocery store for a long period of time	3.59	0.902	-0.579	0.375
L 4: I will recommend my grocery store and its services to others in my family	3.72	0.901	-0.558	0.272
L 5: I will recommend my grocery store and its services to others outside my family	3.68	0.916	-0.567	0.276
<b>Overall Customer Loyalty</b>	<b>3.60</b>	<b>0.942</b>	<b>-0.59</b>	<b>0.27</b>

### 5.5.1 Personal interactive quality

The construct 'personal interactive quality' presented mean scores of between 2.84 and 3.43. The overall mean for this construct was 3.22, which means that questionnaire respondents neither agreed nor disagreed with the statements that measured the influence of personal interactive quality on customer satisfaction. The standard deviations per item ranged between 1.046 and 1.180, with the overall standard deviation for personal interactive quality being 1.094.

The respondents agreed most with statement PI 5: "Employees have the necessary skills to perform their job in my grocery store" (Mean = 3.43; Std deviation = 1.047). The statement with which respondents agreed the least was PI 4: "Employees of my grocery store give me individual attention" (Mean = 3.01; Std deviation = 1.180). The above descriptive statistics indicate that there is an agreement regarding the influence of personal interactive quality on customers' satisfaction of supermarket loyalty programmes.

**Main finding 1:** Respondents tend to neither agree nor disagree with the overall statements measuring the influence of personal interactive quality on customers' satisfaction of their supermarket loyalty programme (Mean = 3.22; Std deviation = 1.094).

**Main finding 2:** The statement that received the highest agreeability among respondents was PI 5: "Employees have the necessary skills to perform their job in my grocery store" (Mean = 3.43; Std deviation = 1.047).

**Main finding 3:** The statement that received the lowest agreeability among respondents was PI 4: "Employees of my grocery store give me individual attention" (Mean = 3.01; Std deviation = 1.180).

### 5.5.2 Loyalty programme quality

The construct 'loyalty programme quality' presented mean scores of between 3.39 and 4.42. The overall mean for this construct was 3.80, which means that the questionnaire respondents tended to agree with the statements measuring the influence of loyalty programme quality on customer satisfaction. The standard deviations per item ranged between 0.833 and 1.162, with the overall standard deviation for loyalty programme quality being 1.052.

The respondents agreed most with statement LP 1: "A good loyalty programme offers discounts or rewards that can be redeemed at the grocery store for buying any product or service from the grocery store" (Mean = 3.43; Std deviation = 0.833). The statement with which respondents agreed the least was LP 9: "My grocery store loyalty programme informs me of participating outlets" (Mean = 3.39; Std deviation = 1.199). The above descriptive statistics indicate that there is an agreement regarding the influence of a loyalty programme quality on customers' satisfaction of supermarket loyalty programmes.

**Main finding 4:** Respondents tended to agree overall with the statements measuring the influence of loyalty programme quality on customers' satisfaction of their supermarket loyalty programme (Mean = 3.80; Std deviation = 1.052).

**Main finding 5:** The statement that received the highest agreeability among respondents was LP 1: "A good loyalty programme offers discounts or rewards that can be redeemed at the grocery store for buying any product or service from the grocery store" (Mean = 3.43; Std deviation = 0.833).

**Main finding 6:** The statement that received the lowest agreeability among respondents was LP 9: "My grocery store loyalty programme informs me of participating outlets" (Mean = 3.39; Std deviation = 1.199).

### 5.5.2 Economic shopping orientation

The construct 'economic shopping orientation' presented mean scores of between 3.59 and 3.71. The overall mean for this construct was 3.65, which means that the questionnaire respondents tended to agree with the statements measuring the influence of an economic shopping orientation on customer satisfaction. The standard deviations per item ranged between 1.000 and 1.087, with the overall standard deviation for economic shopping orientation being 1.067.

The respondents agreed most with statement ES 5: "I profit from comparing prices across many grocery stores" (Mean = 3.71; Std deviation = 1.082). The statement with which respondents agreed the least was ES 1: "I choose to shop at my grocery store as it has the best deals at the time" (Mean = 3.59; Std deviation = 1.000). The above descriptive statistics indicate that there is an agreement regarding the influence of an economic shopping orientation on customers' satisfaction of supermarket loyalty programmes.

**Main finding 7:** Respondents tended to agree overall with the statements measuring the influence of an economic shopping orientation on customers' satisfaction of their supermarket's loyalty programme (Mean = 3.65; Std deviation = 1.067).

**Main finding 8:** The statement that received the highest agreeability among respondents was ES 5: "I profit from comparing prices across many grocery stores" (Mean = 3.71; Std deviation = 1.082).

**Main finding 9:** The statement that received the lowest agreeability among respondents was ES 1: "I choose to shop at my grocery store as it has the best deals at the time" (Mean = 3.59; Std deviation = 1.000).

### 5.5.3 Apathetic shopping orientation

The construct 'apathetic shopping orientation' presented mean scores of between 3.26 and 3.88. The overall mean for this construct was 3.59, which means that the questionnaire respondents tended to agree with the statements measuring the influence of an apathetic shopping orientation on customer satisfaction. The standard deviations per item ranged between 1.099 and 1.204, with the overall standard deviation for apathetic shopping orientation being 1.131.

The respondents agreed most with statement AS 1: "I want to spend as little effort as possible on grocery shopping" (Mean = 3.88; Std deviation = 1.072). The statement with which respondents agreed the least was AS 4: "I choose what grocery stores to go to based on where I can find what I need for the best prices" (Mean = 3.26; Std deviation = 1.204). The above descriptive statistics indicate that there is an agreement regarding the influence of an apathetic shopping orientation on customers' satisfaction of supermarket loyalty programmes.

**Main finding 10:** Respondents tended to agree overall with the statements measuring the influence of apathetic shopping orientation on customers' satisfaction of their supermarket loyalty programme (Mean = 3.59; Std deviation = 1.131).

**Main finding 11:** The statement that received the highest agreeability among respondents was AS 1: "I want to spend as little effort as possible on grocery shopping" (Mean = 3.88; Std deviation = 1.072).

**Main finding 12:** The statement that received the lowest agreeability among respondents was AS 4: "I enjoy shopping for groceries" (Mean = 3.26; Std deviation = 1.204).

#### 5.5.4 Personalisation shopping orientation

The construct of 'personalisation shopping orientation' presented mean scores of between 3.15 and 3.40. The overall mean for this construct was 3.27, which means that the questionnaire respondents neither agreed nor disagreed with the statements measuring the influence of a personalisation shopping orientation on customer satisfaction. The standard deviations per item ranged between 1.153 and 1.255, with the overall standard deviation for personalisation shopping orientation being 1.190.

The respondents agreed most with statement PS 2: "I think it is important to be recognised by a grocery store's personnel" (Mean = 3.40; Std deviation = 1.188). The statement with which respondents agreed the least was PS 4: "I would say that my grocery store personnel show a genuine care in my personal circumstances" (Mean = 3.27; Std deviation = 1.186). The above descriptive statistics indicate that there is an agreement regarding the influence of a personalisation shopping orientation on customers' satisfaction of supermarket loyalty programmes.

**Main finding 13:** Respondents tend to neither agree nor disagree overall with the statements measuring the influence of a personalisation shopping orientation on customers' satisfaction of their supermarket loyalty programme (Mean = 3.27; Std deviation = 1.190).

**Main finding 14:** The statement that received the highest agreeability among respondents was PS 2: "I think it is important to be recognised by a grocery store's personnel" (Mean = 3.40; Std deviation = 1.188).

**Main finding 15:** The statement that received the lowest agreeability among respondents was PS 4: "I would say that my grocery store personnel show a genuine care in my personal circumstances" (Mean = 3.27; Std deviation = 1.186).

### 5.5.5 Customer satisfaction

The construct 'customer satisfaction' presented mean scores of between 3.60 and 3.76. The overall mean for this construct was 3.69, which means that the questionnaire respondents tended to agree with the statements measuring the influence of customer satisfaction. The standard deviations per item ranged between 0.818 and 0.950, with the overall standard deviation for customer satisfaction being 0.870.

The respondents agreed most with statement S5: "My grocery store satisfies my expectations" (Mean = 3.76; Std deviation = 0.826). The statement with which respondents agreed the least was S 2: "Buying at my grocery store is one of my best decisions" (Mean = 3.60; Std deviation = 0.925). The above descriptive statistics regarding customer satisfaction indicated that there is a level of agreement with the influence of satisfaction in customers' selection of their supermarket's loyalty programme.

**Main finding 16:** Respondents tended to agree overall with the statements measuring the influence of customer satisfaction on their supermarket's loyalty programme (Mean = 3.69, Std deviation = 0.870).

**Main finding 17:** The statement that received the highest agreeability among respondents was S 5: "My grocery store satisfies my expectations" (Mean = 3.76, Std deviation = 0.8260).

**Main finding 18:** The statement that received the lowest agreeability among respondents was S 2: "Buying at my grocery store is one of my best decisions" (Mean = 3.60, Std deviation = 0.925).

### 5.5.6 Customer loyalty

The construct 'customer loyalty' presented mean scores of between 3.44 and 3.72. The overall mean for customer satisfaction was 3.60, which means that the questionnaire respondents tended to agree with the statements measuring the influence of customer loyalty on supermarket loyalty programmes. The standard deviations per item ranged between 0.901 and 1.041, with the overall standard deviation for loyalty being 0.942.



The respondents agreed most with statement L 4: “I will recommend my grocery store and its services to others in my family” (Mean = 3.72; Std deviation = 0.901). The statement with which respondents agreed the least was L 2: “I am willing to put in extra effort to buy from my grocery store” (Mean = 3.44; Std deviation = 1.041). The above descriptive statistics indicated that there is a high degree of agreement between customer loyalty and the influence on customers’ selection of their supermarket’s loyalty programme.

**Main finding 19:** Respondents tended to agree overall with the statements measuring the influence of customer loyalty on their supermarket’s loyalty programme (Mean = 3.60; Std deviation = 0.942).

**Main finding 20:** The statement that received the highest agreeability among respondents was L 4: ‘I will recommend my grocery store and its services to others in my family (Mean = 3.72; Std deviation = 0.901).

**Main finding 21:** The statement that received the lowest agreeability among respondents was L 2: “I am willing to put in extra effort to buy from my grocery store” (Mean = 3.44; Std deviation = 1.041).

## 5.6 Factor analysis

The next section covers the factor analysis (FA) segment where possible relationships among variables were identified. Most importantly, FA was carried out to ensure that the items measured were relevant to the scale and were measuring the variables intended (Saunders et al., 2019:450). In order to determine whether FA can be conducted, there are assumptions that should be considered: whether data is normally distributed and the suitability of the data. In the sections that follow, testing for normality is discussed, as well as the Kaiser-Meyer-Olkin (KMO) test and Bartlett’s test to determine suitability.

### 5.6.1 Normality

To test normality in the FA stage, all data must be proportionally distributed. This was determined through skewness and kurtosis. Skewness needed to be between absolute values of -2 and +2 for data to be normally distributed, while the value needed to be between -7 and +7 for kurtosis. The data collected in Table 5.3 above was in line with the above parameters, therefore the data for this study is normally distributed (Pallant, 2016a).

**Main finding 22:** All the statements measuring the constructs met the assumptions of being normally distributed.

### 5.6.2 Determining suitability of the data

When conducting FA, there are two main issues to consider before determining whether the data is suitable for analysis. The first is the sample size and the second is how strongly each item relates to each other (Pallant, 2016a:187). According to Pallant (2016a), a sample size of 250 was enough for FA. In this study, 281 questionnaires were used ( $281 > 250$ ).

The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy and Bartlett's test of sphericity, which indicates that factor analysis is suitable when the value is between 0.5 and 1.0 (Malhotra, 2010:638), was considered. The Bartlett's test of sphericity must be  $p < 0.05$ . The KMO measure for this study was 0.913, and the Bartlett's test of sphericity was  $\leq 0.000$ . These two measures indicate that the data is therefore suitable for FA.

The constructs measured in this study were adopted from previous studies, as mentioned in Chapter 3 (Section 3.3). As these previous studies' scales were already validated and used an EFA process, it was acceptable to use EFA for this study. The previous studies were not conducted in an emerging market such as an African market, however, so both EFA and CFA was applied to this study.

For this study, EFA was first carried out on each of the adopted factors to establish the inter-relationship among the set of variables and to determine which factor needed to be removed (Pallant, 2016a:181). Following this, CFA was conducted to confirm the structure. This approach is also supported by Hurley et al. (1997:676).

### **5.6.3 Exploratory factor analysis (EFA)**

EFA is defined by Pallant (2016a) as the grouping or clumping of items together to identify closely related items. Pallant (2016a) states that EFA only explores the data to determine how many factors could be retained for further analysis, and does not test a specific model or structure as the CFA does.

This section explains the EFA carried out for determining the extent to which personal interactive quality, loyalty programme quality, and shopping orientations influence customers' satisfaction of and loyalty to supermarkets' loyalty programmes.

Table 5.4 below shows the eigenvalues, communality values, factor/pattern matrix with the factor loadings, and cumulative percentages for each factor (personal interactive quality, loyalty programme quality, shopping orientations) and their influence on customer satisfaction and customer loyalty. From this EFA, an eight-factor solution was present. Due to cross-loadings or factor loadings of less than 0.3, statements AS4, LP1, and S1 (as detailed in Table 5.3 above) were removed for further analysis.

**Table 5.4: Eigenvalues, communality values, factor/pattern matrix, and cumulative percentages for each factor.**

Constructs and items	Communalities	Eigenvalue	Pattern matrix					Cumulative Percentage
Customer Loyalty			F1	F2	F3	F4	F5	Factor 1
L4	0.864	F1:35.104	0.861					35.104%
L5	0.860		0.835					
L1	0.598		0.695					
L3	0.649		0.653					
L2	0.648		0.591					
Apathetic Shopping Orientations								Factor 2
AS2	0.931	F2: 9.156		0.964				44.260%
AS1	0.816			0.906				
AS5	0.369			0.585				
AS3	0.373			0.569				
Personalisation Shopping Orientations								Factor 3
PS5	0.750	F3:8.066			0.874			52.326%
PS2	0.717				0.835			
PS6	0.704				0.803			
PS1	0.644				0.760			
PS3	0.633				0.670			
Economic Shopping Orientations								Factor 4
ES3	0.765	F4:6.376			0.887			58.703%
ES5	0.786				0.882			
ES4	0.697				0.854			
ES2	0.596				0.736			
ES1	0.543				0.592			

Constructs and items	Communalities	Eigenvalue	Pattern matrix					Cumulative Percentage
Personal Interactive Quality							F5	Factor 5
PI3	0.771	F5:4.248					0.886	62.951%
PI2	0.775						0.844	
PI1	0.807						0.826	
PI5	0.784						0.792	
PI4	0.661						0.742	
PI7	0.539						0.620	
PI6	0.504						0.475	
Loyalty Programme Quality Ts&Cs			F6	F7	F8		Factor 6	
LP3	0.821	F6:4.071	0.864				67.021%	
LP4	0.759		0.736					
Loyalty Programme Quality Rewards							Factor 7	
LP6	0.738	F7:2.959		-0.731			69.980%	
LP5	0.738			-0.725				
LP7	0.733			-0.724				
LP8	0.614			-0.450				
S1	0.576			-0.435				
LP9	0.738			-0.349				

Constructs and items	Communalities	Eigenvalue	Pattern matrix		Cumulative Percentage
Satisfaction				F8	Factor 8
S3	0.736	F8:2.569		0.688	67.021%
S4	0.783			0.680	
S2	0.740			0.666	
S6	0.606			0.544	
S5	0.653			0.539	

#### 5.6.3.1 Factor 1

From Table 5.4, five items (L4, L5, L1, L3, L2) were loaded onto Factor 1. The 'loyalty' values ranged from 0.598 to 0.864. Question L1 ("I really care about the fate of my grocery store") was the weakest indicator (0.598), while Question L4 ("I really care about the fate of my grocery store") was the strongest indicator. This factor accounted for a variance of 35.104%. All the items in this factor dealt with loyalty and was therefore labelled as "loyalty".

**Main finding 23:** Factor 1 was labelled as "loyalty" (all five items retained), and this factor is valid.

#### 5.6.3.2 Factor 2

From Table 5.4, four items (AS2, AS1, AS5, AS3) were loaded onto Factor 2. The 'apathetic shopping orientation' values ranged from 0.373 to 0.931. Question AS3 ("I think grocery shopping is a necessary evil") was the weakest indicator (0.373), while Question AS2 ("I want to take as little time as possible when shopping in my grocery store") was the strongest indicator (0.931). This factor accounted for a variance of 44.26%. Item AS4 had high cross-loadings on other factors, therefore this item was removed for further analysis in the CFA. All the items in this factor dealt with apathetic shopping orientations and was therefore labelled as "apathetic shopping orientation".

**Main finding 24:** Factor 2 was labelled as "apathetic shopping orientations" (all four items retained), and this factor is valid.

### 5.6.3.3 Factor 3

From Table 5.4, six items (PS5, PS2, PS6, PS1, PS3, PS4) were loaded onto Factor 3. The 'personalisation shopping orientation' values ranged from 0.662 to 0.750. Question PS4 ("I would say that my grocery store personnel show a genuine care in my personal circumstances") was the weakest indicator (0.662), while Question PS5 ("I like to shop where people know me") was the strongest indicator (0.750). This factor accounted for a variance of 52.326%. All the items in this factor dealt with personalisation shopping orientations and was therefore labelled as "personalisation shopping orientation", excluding PS4 as it was cross-loading on other factors.

**Main finding 25:** Factor 3 was labelled as "personalisation shopping orientations" (only five items retained), and this factor is valid.

### 5.6.3.4 Factor 4

From Table 5.4, five items (ES3, ES5, ES4, ES2, ES1) were loaded onto Factor 4. The 'economic shopping orientation' values ranged from 0.543 to 0.786. Question ES1 ("I choose to shop at my grocery store as it has the best deals at the time") was the weakest indicator (0.543), while Question ES5 ("I profit from comparing prices across many grocery stores") was the strongest indicator (0.786). This factor accounted for a variance of 58.703%. All the items in this factor dealt with economic shopping orientations and was therefore labelled as "economic shopping orientation".

**Main finding 26:** Factor 4 was labelled as "economic shopping orientations" (all five items retained), and this factor is valid.

#### 5.6.3.5 Factor 5

From Table 5.4, seven items (PI3, PI2, PI1, PI5, PI4, PI7, PI6) were loaded onto Factor 5. The 'personal interactive quality' values ranged from 0.504 to 0.807. Question PI6 ("Employees asked if my needs had been met in my grocery store") was the weakest indicator (0.504), while Question PI1 ("Employees of my grocery store have the knowledge to answer my questions") was the strongest indicator (0.807). This factor accounted for a variance of 62.951%. All the items in this factor dealt with personal interactive quality and was therefore labelled as "personal interactive quality".

**Main finding 27:** Factor 5 was labelled as "personal interactive quality" (all seven items retained), and this factor is valid.

#### 5.6.3.6 Factor 6

The EFA indicated the original scale of loyalty programme quality, with nine items loaded onto two factors. From Table 5.4, three items (LP3, LP4, LP2) were loaded onto one factor, with LP6, LP7, LP8, and LP9 loaded onto another factor. The items in Factor 6 included LP2, LP3 and LP4, with the communality values ranging from 0.255 to 0.821. Question LP2 ("A good loyalty programme provides me with information about the total of all purchases that I made with the loyalty card at the point of purchase (till)") was the weakest indicator (0.255), while Question LP3 ("The terms and conditions of my grocery store loyalty programme are transparent for me") was the strongest indicator (0.821). LP2 was removed due to cross-loading on other factors; this factor accounted for a variance of 67.021%. Most of the items in this factor dealt with loyalty programme quality terms and conditions and was therefore labelled as "loyalty programme quality terms and conditions".

**Main finding 28:** Factor 6 was labelled as "loyalty programme quality terms and conditions" (3 items retained), and this factor is valid.



#### 5.6.3.7 Factor 7

From Table 5.4, five items (LP 6, LP5, LP7, LP8, LP9) were loaded onto Factor 7. The items in this factor specifically dealt with the rewards aspect of the loyalty programme, so Factor 7 was labelled as “loyalty programme quality rewards”. The ‘loyalty programme quality rewards’ values ranged from 0.614 to 0.738. Question LP8 (“My grocery store loyalty programme informs me about the expiry date of my points/discounts”) was the weakest indicator (0.614), while Question LP6 (“My grocery store loyalty programme gives me enough time to redeem my points/discounts”), LP5 (“My grocery store loyalty programme offers desirable rewards for me”), and LP9 (“My grocery store loyalty programme informs me of participating outlets”) had the strongest indicator (0.738). This factor accounted for a variance of 69.980%. All the items in this factor dealt with loyalty programme quality rewards and was therefore labelled as “loyalty programme quality rewards”.

**Main finding 29:** Factor 7 was labelled as “loyalty programme quality rewards” (all 5 items retained), and this factor is valid.

#### 5.6.3.7 Factor 8

From Table 5.4, six items (S5, S3, S4, S2, S6, S5) were loaded onto Factor 8. The ‘satisfaction’ factor values ranged from 0.606 to 0.783. Question S6 (“I am satisfied with my grocery store compared with other grocery stores”) was the weakest indicator (0.606), while Question S4 (“I am sure it was the right thing buying at my grocery store”) was the strongest indicator (0.783). This factor accounted for a variance of 67.021%. Items S1 had high cross-loadings on other factors, so this item was removed for further analysis in the CFA. All the items in this factor dealt with satisfaction and was therefore labelled as “satisfaction”.

**Main finding 30:** Factor 8 was labelled as “satisfaction” (only 5 items retained), and this factor is valid.

Summary of the EFA: The original 'loyalty programme quality' construct from the conceptual model split into two factors: loyalty programme terms and conditions, and loyalty programme quality rewards. EFA established the inter-relationship among the variables and which factors to remove from the following factor analysis (Pallant, 2016a:181). Based on these findings, the following constructs remained for further analysis in the CFA: loyalty, personalisation shopping orientation, apathetic shopping orientation, economic shopping orientation, personal interactive quality, loyalty programme quality terms and conditions, loyalty programme quality rewards, and satisfaction.

Following this, CFA was conducted to confirm the structure, to better understand the variables and ensure that the measured items actually measure the study's constructs. As these previous studies' scales were already validated (refer to table 4.3) and used an EFA process, all the studies were not conducted in an emerging market such as the African market; therefore, both EFA and CFA were applied in this study. It is also said that CFA is recommended to see whether the obtained factor structure have a similar factor structure (Pallant, 2016a). This further helped to determine if the study should accept or reject the hypotheses making the use of both EFA and CFA in the study compatible as factor analysis in the research process. This approach to use EFA and CFA on the same data set is also supported by Hurley et al. (1997:676).

Items LP1, S1, and AS4 were factors that were removed. It should also be noted that the minimum of three items per factor was achieved in this study, as suggested by Knekta, Runyon, and Eddy (2019:8).

#### **5.6.4 Confirmatory factor analysis (CFA)**

Pallant (2016a) define CFA as a process that examines models that have been developed from theory and previously validated studies to discover if the model is confirmed or not for a specific study. A CFA is used when confirmation is required on data collected and to check whether the data fits a proposed model that is often based on relationships between constructs and theory.

#### 5.6.4.1 Assumptions of CFA based on Pallant (2016a):

The model being tested must provide a good model fit. The data was analysed using AMOS. In order to obtain a good model, fit for the CFA, items PI4, PI6, ES1, ES2, AS3, PS3, PS4, and L2 were removed as they did not load onto the pattern matrix.

Once these items were removed, the CFA showed a good fit as per the parameters set out in Table 5.5, shown below. This table shows the parameters for a good fit, while the final column shows the results of the CFA for this study.

**Table 5.5: Model fit summary**

Model	Acceptable fit benchmarks (based on Hair et al. (2010:665-669)	Default model fit values
CMIN/Degrees of freedom	$(\chi^2/df) \leq 3$ (good fit) and $< 5$ (sometimes permissible)	2.128
AGFI	$\geq 0.8$ (good fit)	0.803
TLI	TLI $> 0.90$ good fit	0.923
CFI	CFI $> 0.90$ (moderate fit) and 0.95 (great fit)	0.933
RMSEA	$< 0.05$ (good) and 0.05-0.10 (acceptable)	0.063

The results of Table 5.5 show that there is a good model fit for the CFA, therefore the next aspect to consider is the reliability and validity of the data. In order to show reliability and validity for a CFA, the Average Variance Extracted (AVE), Composite reliability (CR), Cronbach's Alpha ( $\alpha$ ), and Discriminate Reliability (DR) must be calculated.

#### 5.6.4.2 Factor loadings, CR, AVE, and Cronbach's $\alpha$ values

The CR measures the internal consistency of the scale used and needed to be greater than 0.7. The AVE, which measures variance that is captured on a construct, needed to be equal to or greater than 0.5. Cronbach's  $\alpha$  was used to determine the reliability of the scale used with outputs above 0.7 considered reliable (Babin & Zikmund, 2016). Based on the above, validity and reliability were attained.

Table 5.6 below illustrates the following results: i) convergent validity, assessed through factor loadings and AVE, – which should be > 0.5; ii) CR; and iii) Cronbach's  $\alpha$ , in order to determine reliability and internal consistency. The CR and Cronbach's  $\alpha$  values should be > 0.7 (Fornell & Larcker, 1981; Pallant, 2016a).

**Table 5.6: CFA – Factor loadings, AVE, CR, and Cronbach's  $\alpha$**

Items / Factor	Factor Loadings	AVE	CR	Cronbach's $\alpha$
Personal Interaction Quality (PI)				
PI1	0.907	0.721	0.928	0.926
PI2	0.885			
PI3	0.849			
PI5	0.874			
PI7	0.718			
Loyalty Programme Terms and Conditions (LPT&C)				
LP2	0.439	0.600	0.806	0.782
LP3	0.879			
LP4	0.914			
Loyalty Programme Rewards (LPR)				
LP5	0.85	0.666	0.909	0.907
LP6	0.842			
LP7	0.839			
LP8	0.783			
LP9	0.763			

Items / Factor	Factor Loadings	AVE	CR	Cronbach's α
Economic Shopping Orientation (ES)				
ES3	0.827	0.749	0.899	0.899
ES4	0.861			
ES5	0.906			
Apathetic Shopping Orientation (AS)				
AS1	0.905	0.742	0.895	0.837
AS2	0.947			
AS5	0.715			
Personalisation Shopping Orientation (PS)				
PS1	0.812	0.709	0.907	0.906
PS2	0.872			
PS5	0.845			
PS6	0.837			
Satisfaction (SAT)				
S2	0.82	0.684	0.915	0.914
S3	0.85			
S4	0.885			
S5	0.807			
S6	0.767			
Loyalty (Loy)				
L3	0.783	0.787	0.917	0.912
L4	0.933			
L5	0.936			

### 5.6.5 Discriminate Validity

Discriminant validity determines whether any of the constructs are being measured by other items in the study. Table 5.7 below presents the discriminant validity, where each of the values in bold (square root of the AVE) should be higher than the correlation values presented (Fornell & Larcker, 1981). The results in the tables indicate that the criteria for reliability and validity were met and exceeded in this study, as the values were not larger than the square root of the AVE.

**Table 5.7: Component Correlation Matrix (Discriminant validity)**

	PI	LPT&C	LPR	ES	AS	PS	SAT	LOY
PI	<b>0.849</b>							
LPT&C	0.450	<b>0.775</b>						
LPR	0.605	0.700	<b>0.816</b>					
ES	0.255	0.332	0.255	<b>0.865</b>				
AS	0.210	0.045	0.070	0.175	<b>0.861</b>			
PS	0.164	0.238	0.373	0.196	0.029	<b>0.842</b>		
SAT	0.572	0.541	0.692	0.329	0.063	0.453	<b>0.827</b>	
LOY	0.538	0.482	0.685	0.187	0.101	0.488	0.811	<b>0.887</b>

Based on the results of Tables 5.6 and 5.7, there is evidence of reliability and validity, and the model has a good fit; therefore, the data can be used for further analysis. Factors LP1, S1, and AS4 were removed due to cross-loading. The researchers aim to determine the relationships amongst the observed constructs, not the latent (Alavifar, Kariminmalayer & Anuar, 2012). Therefore, a stepwise multiple regression was followed for this study.

### 5.7 Regression analysis

Regression analysis refers to the method of one or more variables being regressed (tested) to predict the level of another (Burns et al., 2017). When the relationship between the dependent and independent variables are linear, this can be regarded as a linear relationship (Morgan, 2013).

Pallant (2016a) states that multiple regression analysis is used when the variables are tested together and are assessed in terms of how strong (or weak) a predictor they are of another variable.

Stepwise multiple regression analysis uses multiple variables in its analysis; after each step, as another variable is added, the significance is checked to see if it has changed (Burns et al., 2017; Pallant, 2016a). For the purposes of this study, stepwise multiple regression analysis was used to accommodate more variables for analysis, in steps (Pallant, 2016a).

### **5.7.1 Assumptions of the stepwise multiple regression analysis**

Multiple regression analysis has specific assumptions linked to it. These assumptions, which include normality, outliers, linearity, are discussed below.

#### **5.7.1.1 Normality**

As already discussed in Section 5.6.1 above, normality was assessed through skewness and kurtosis values. The overall skewness and kurtosis values for each of the constructs (personal interactive quality, loyalty programme quality, economic shopping orientation, apathetic shopping orientation, personalisation shopping orientation, customer satisfaction, and loyalty) were presented in Table 5.3 above. From Table 5.3 above, we can conclude that there is normal distribution due to skewness and kurtosis being within the above-mentioned parameters (i.e., skewness between -2 and +2 and kurtosis between -7 and +7).

#### **5.7.1.2 Outliers**

Outliers refer to data results that are located further from the mean than the majority of the data's results, thus influencing the overall mean of the results (Tabachnick & Fidell, 2020). Outliers are usually identified via the scatterplots of the SPSS outputs. According to Pallant (2016a), an item is considered an outlier if the standard residual result is more than 3.3 or less than -3.3. The scatterplots were interrogated, and no outliers were found.

### 5.7.1.3 Linearity

According to Tabachnick and Fidell (2020), linear relationships between variables can be identified through scatterplots. The scatterplots derived from this study were examined for linear outputs, and all correlated. Regression analysis was able to take place due to the assumptions of multiple regression analysis being met.

## 5.8 Hypothesis testing and regression analysis

Due to a stepwise multiple regression analysis being used, the following variables were used as dependent variables: satisfaction and then loyalty. This allowed the researcher to test the relationships between the constructs to customer satisfaction, and thereafter to loyalty of the supermarket loyalty programme, which ultimately represented the hypotheses mentioned in Chapter 3 (Section 3.3).

The sections to follow will provide insights into the hypotheses testing and results.

**5.8.1 Secondary Objective 1:** Determine the influence of elements (personal interactive quality, loyalty programme quality, economic shopping orientation, apathetic shopping orientation, personalisation shopping orientation) on customers' satisfaction of the supermarket loyalty programme of choice.

It is evident from the model summary in Table 5.8 below, with the R-squared value of 0.509, that 50.9% of the study's data is explained by the model and therefore significant. The ANOVA model confirmed that there are significant relationships between the constructs and 'customer satisfaction' as all the significance results are  $<0.05$ , which is considered significant according to Pallant (2016).



**Table 5.8: Summary of the regression analysis on the constructs**

Dependent Variable	Independent Variable	P-value	Beta value	R-square value	Adjusted R-squared value	Tolerance	VIF
Satisfaction	Personal interactive quality	0.000	0.229	0.509	0.499	0.629	1.590
	Loyalty programme terms and conditions	0.125	0.085			0.583	1.717
	Loyalty programme rewards	0.000	0.348			0.428	2.337
	Economic shopping orientations	0.047	0.090			.875	1.143
	Apathetic shopping orientations	0.334	0.043			0.905	1.105
	Personalisation shopping orientations	0.000	0.234			0.865	1.156

**5.8.1.1 H1: Personal interactive quality has a significant influence on customer satisfaction.**

A significant relationship was gathered from the regression as  $p < 0.05$  and  $\beta = 0.229$ . The p-value is less than 0.05 and indicates that it is significant. Therefore, hypothesis H1 is accepted. With  $\beta = 0.229$ , personal interactive quality is a predictor of satisfaction.

**Main finding 31:** There is significant relationship between personal interactive quality and satisfaction of supermarket loyalty programmes.

**5.8.1.2 H2: Loyalty programme quality has a significant influence on customer satisfaction.**

Loyalty programme quality resulted in factor loading in two factors, therefore hypothesis H2 was split into H2a and H2b:

**5.8.1.2 H2a: Loyalty programme terms and conditions do not have a significant influence on customer satisfaction.**

A significant relationship was not gathered from the regression as  $p > 0.05$  and  $\beta = 0.125$ . The p-value is more than 0.05 and indicates that it is not significant. Therefore, hypothesis H2a is rejected.

**Main finding 32:** There is not a significant relationship between loyalty programme terms and conditions quality and customer satisfaction.

**5.8.1.2 H2b: Loyalty programme rewards have a significant influence on customer satisfaction.**

A significant relationship is gathered from the regression as  $p < 0.05$  and  $\beta = 0.348$ . The p-value is less than 0.05 and indicates that it is significant. Therefore, hypothesis H2b is accepted. With the  $\beta = 0.348$ , loyalty programme rewards are a strong predictor of satisfaction.

**Main findings 33:** There is a significant relationship between loyalty programme rewards and customer satisfaction.

### **5.8.1.3 H3: Economic shopping orientation has a significant influence on customer satisfaction.**

A significant relationship is gathered from the regression as  $p < 0.05$  and  $\beta = 0.090$ . The p-value is less than 0.05 and indicates that it is significant. Therefore, hypothesis H3 is accepted.

**Main finding 34** There is a significant relationship between economic shopping orientations and satisfaction.

### **5.8.1.4 H4: Apathetic shopping orientation has a significant influence on customer satisfaction.**

A significant relationship was not gathered from the regression as  $p > 0.05$  and  $\beta = 0.043$ . The p-value is more than 0.05 and indicates that it is not significant. Therefore, hypothesis H4 is rejected.

**Main finding 35:** There is not a significant relationship between apathetic shopping orientation and customer satisfaction.

### **5.8.1.5 H5: Personalisation shopping orientation has a significant influence on satisfaction towards a supermarket loyalty programme.**

A significant relationship is gathered from the regression as  $p < 0.05$  and  $\beta = 0.234$ . The p-value is less than 0.05 and indicates that it is significant. Therefore, hypothesis H5 is accepted. With the  $\beta = 0.234$ , personalisation shopping orientation is a predictor of satisfaction.

**Main finding 36:** There is a significant relationship between personalisation shopping orientation and satisfaction of supermarket loyalty programmes.

### **5.8.1.6 Secondary Objective 2: Identify whether there is a relationship between South African customers' satisfaction of and customer loyalty to supermarket loyalty programmes.**

The below table provides an overview of the regression analysis of this construct.

**Table 5.9: Regression of customer satisfaction on customer loyalty to supermarket loyalty programmes**

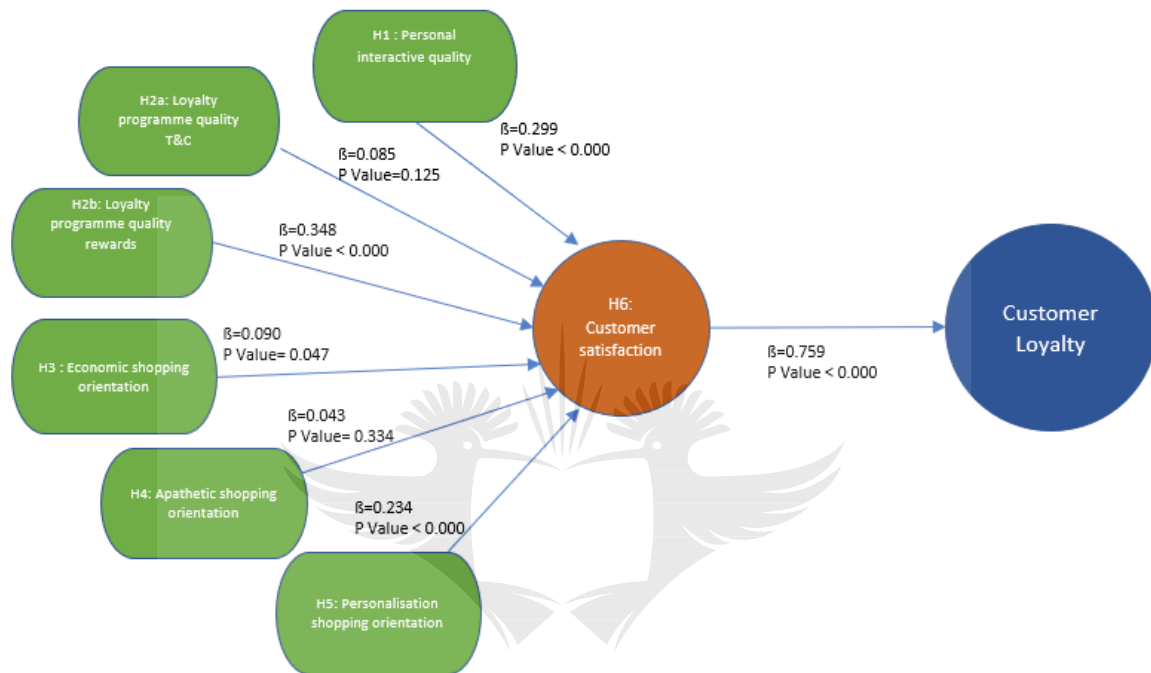
Dependent Variable	Independent Variable	P-value	Beta value	R-squared value	Adjusted R-squared value	Tolerance	VIF
Loyalty	Satisfaction	0.000	0.759	0.576	0.575	1.000	1.000

**5.8.1.6 H6: Customer satisfaction has a significant influence on customers' loyalty towards a supermarket loyalty programme.**

A significant relationship is gathered from the regression as  $p < 0.05$  and  $\beta = 0.759$ . The p-value is less than 0.05 and indicates that it is significant. Therefore, hypothesis H6a is accepted. With  $\beta = 0.759$ , satisfaction is a strong predictor of customer loyalty.

**Main finding 37:** There is a significant relationship between customer satisfaction of and customer loyalty to supermarket loyalty programmes.

**Figure 5.1: Adjusted theoretical model depicting regression results for the primary and secondary research objectives**



Source: Researchers own

## 5.9 Summary of research objectives, hypotheses, and main findings

Table 5.10 below provides a snapshot of the hypotheses and findings in relation to the secondary objectives of this study.

**Table 5.10: Summary of research hypotheses and outcomes**

Research objective	Hypothesis	<i>p</i> values	Beta values	Outcome
To determine the influence that personal interactive quality, loyalty programme quality, shopping orientations (i.e., economic, apathetic, and personalisation) have on customers' satisfaction of and customers' loyalty to supermarket loyalty programmes.	<b>H1:</b> Personal interactive quality has a significant influence on customer satisfaction.	0.000	0.229	<b>Accepted</b>
	<b>H2a:</b> Loyalty programme terms and conditions do not have a significant influence on customer satisfaction.	0.000	0.348	<b>Rejected</b>
	<b>H2b:</b> Loyalty programme rewards have a significant influence on customer satisfaction.	0.047	0.090	<b>Accepted</b>
	<b>H3:</b> Economic shopping orientation has a significant influence on customer satisfaction.	0.334	0.043	<b>Accepted</b>
	<b>H4:</b> Apathetic shopping orientation has a significant influence on customer satisfaction.	0.000	0.234	<b>Rejected</b>
	<b>H5:</b> Personalisation shopping orientation has a significant influence on satisfaction towards a supermarket loyalty programme.	0.000	0.229	<b>Accepted</b>
	<b>H6:</b> Customer satisfaction has a significant influence on customer loyalty towards a supermarket loyalty programme.	0.000	0.759	<b>Accepted</b>

From the summary Table 5.10 presented above, it can be deduced that:

- **Main finding 38:** Loyalty programme terms and conditions quality is the most significant predictor (35%) of customers' satisfaction of supermarket loyalty programmes.
- **Main finding 39:** Overall, economic shopping orientation exerted the weakest significance (4%) on customers' satisfaction of supermarket loyalty programmes.
- **Main finding 40:** Customer satisfaction exerted a very strong predictor relationship to customer loyalty (76%) to supermarket loyalty programmes.

### 5.10 Conclusion

Chapter 5 addressed the research objectives and hypotheses of the study. The chapter first provided an overview of the demographic profile of the sample for the study and the statistical results of the data collection. The validity and reliability of the data and results were observed, and it was concluded from those that it was appropriate for EFA and XFA. The CFA provided an indication of which questionnaire items were considered practical to use and which items were impractical to use. The measurement instrument was evaluated using Cronbach's  $\alpha$  test. The chapter also provided a discussion of the stepwise multiple regression analysis used for this study. The final two sections of this chapter discussed the hypothesis testing and provided a summary of the findings related to the research objectives. Chapter 6 will present a discussion of the research conclusions based on the research findings of the data analysis presented in Chapter 5. Chapter 6 will also give recommendations based on the findings and discuss the significance of the study.

## CHAPTER 6

### CONCLUSION AND RECOMMENDATIONS

#### 6.1 Introduction

This chapter provides a summary of the study, an overview of the research objectives, and recommendations to supermarket retailers based on the results, for them to improve their loyalty programme offerings for the market.

#### 6.2 Summary of the study

Chapter 1 provided a summary and a background of this study. In summary, the retail supermarket environment in South Africa is highly saturated with competing offerings, making it difficult for supermarkets to succeed in such environments. In order to differentiate themselves, supermarkets depend on their loyalty programme offerings to create loyalty (Mandina & Karisambudzi, 2016). It is therefore essential for supermarket retailers in South Africa to understand how customers' satisfaction of loyalty programmes can be influenced by shopping orientations, which indirectly influences customers' loyalty to a particular supermarket (Nielsen, 2019b).

From the insights presented in Chapters 1 to 3, a key research problem emerged. South Africa currently offers over 100 loyalty programs (Arch Retail Systems, 2019), with over 88% of consumers using loyalty programmes (Nielsen, 2017; Truth customer leadership, 2018). Due to the high uptake in loyalty programmes, supermarkets are taking decisions to introduce loyalty programmes to increase competitiveness within the industry (Hoffmann, 2019; Villacé-Molinero et al., 2016). South Africa is considered the largest foodservice market in the Sub-Saharan Africa, with this sector alone projected to have 11.8 million users by 2024 (Statista, 2020a).



Past literature has identified how economic shopping orientation, apathetic shopping orientation, and personalisation shopping orientation have an impact on how customers select loyalty programmes (Mägi, 2003). Other studies have identified that personal interactive quality and loyalty programme quality also contribute to customers' selection of a loyalty programme (Vesel & Zabkar, 2009). These studies also indicated a direct relationship between customer satisfaction and loyalty. Based on these insights from literature, this study aimed to understand how customers are influenced by shopping orientations, personal interactive quality, and loyalty programme quality when selecting loyalty programmes, and the relationship that these elements have on customer satisfaction and loyalty. In order to solve the research problem, information was needed to understand how customers are influenced by the supermarket industry and environment (discussed in Chapter 2), as well as the constructs to be measured in this study (discussed in Chapter 3). Chapter 4 provided an outline of the research methodology based on the research framework and Chapter 5 provided an overview of the analysis of the collected data. Chapter 6 will provide recommendations for the study based on the findings.

### **6.3 Recommendations for each research objective**

The section below will provide a detailed account of the study's findings and will propose recommendations in line with each of the research objectives for this study.

#### **6.3.1 Secondary objective 1: Determine the influence of personal interactive quality on customers' satisfaction of supermarket loyalty programmes.**

In Chapter 3 (Section 3.3) the study highlighted from previous studies that personal interactive quality has a significant influence on customer satisfaction (Vesel & Zabkar, 2009). Hoffmann (2019) and Price et al. (1995) identified five key dimensions of service provider's personal interactive performance: mutual understanding, responsiveness, individualised attention, knowledge, and meeting minimum standards.

In the supermarket environment, the term 'personal interactive performance' means that supermarkets are directly in contact with the customers because customers are most often purchasing final goods and services; this makes personal interactive quality during points of contact critical for achieving differentiation, a competitive advantage, and value to customers (Allameh et al., 2012).

When reviewing specific statements in this study, respondents agreed most with the statement "Employees require the necessary skills to perform the job" (mean = 3.43), and agreed least with the statement "Employees of their grocery store gave them individual attention" (mean = 3.01). The overall mean of the scale was 3.22, meaning that respondents tend to neither disagree nor agree with the personal interactive quality factor. The findings from the most and least agreed upon individual statements is that the respondents place a considerable amount of importance on the skills competency of supermarket staff and the lack of individual attention when they are served in the store.

When looking at the regression analysis, the results from this study indicated a significant relationship between personal interactive quality and customer satisfaction ( $p < 0.05$ ;  $\beta = 0.299$ ), indicating that the hypothesis could be accepted.

**Recommendation 1:** Based on the findings, it is recommended that supermarkets ensure their employees are skilled adequately to perform their job functions, as this has a direct influence on customer satisfaction of and loyalty to the supermarket's loyalty programme. Supermarkets must incorporate training into their loyalty strategy that will support the functioning of the loyalty programme. Training should focus on communication skills, such as being able to communicate well, clearly, and comprehensibly with customers when it comes to the supermarket offerings, build intrapersonal skills, strengthen their ability to resolve customer queries promptly and effectively, and be able to communicate on a personal level with customers.

Nassazi (2013) stated in their study that when employees are effectively trained well and understand offerings in a store environment (i.e., the offering and mechanics of the loyalty programme), employees become more willing and motivated to communicate this to the customers. Therefore, in addition to the above communication training, supermarkets must invest in training that explains the loyalty offering to their employees (e.g., the points system, how to earn or redeem points, how to sign up, and the benefits in rewards for the customer). They should train on the loyalty strategy (e.g., the overall reason that the supermarket launched such a loyalty programme), the supermarket's objective (i.e., key performance indicators such as more customers, profits, or higher sales) and their customer value proposition. All of the above will allow employees to truly understand the loyalty offer and the value it can bring to customers. The type of personal interaction that customers want with a supermarket's employees (e.g., individual attention, kindness, and attentiveness) when they walk into a supermarket through welcoming, greeting customers, and checking on customers for any help needed while they shop must also be incorporated into any trainings offered.

### **6.3.2 Secondary objective 2: Determine whether there is a relationship between loyalty programme quality on customer satisfaction amongst customers of grocery retailers**

In Chapter 3 (Section 3.3) the study highlighted from previous studies that loyalty programme quality has a significant influence on customer satisfaction (Vesel and Zabkhar, 2009). Vesel and Zabkar, (2009) identified the elements that make up loyalty programme quality as variety of rewards with many exchange opportunities, loyalty programmes that bring about excitement to earn rewards and not lose the customer's interest, expanding loyalty programme partnership to increase the options of purchases, and combined-currency flexibility that enables programme members to redeem their points in combination with money.

When reviewing specific statements measuring this construct, “A good loyalty programme offers discounts or rewards that can be redeemed at the grocery store for buying any product or service from the grocery store” (mean = 4.42) was the most agreed statement by respondents, whilst the least agreed statement was “My grocery store loyalty programme informs me of participating outlets” (mean = 3.50). The overall mean for loyalty programme quality was 3.80, which indicates that the respondents tended to agree with the statements measuring the influence of loyalty programme quality. The CFA indicated that the loyalty programme quality results revealed two specific groupings: i) terms and conditions; and ii) rewards.

#### **6.3.2.1 The loyalty programme quality terms and conditions**

Respondents did not place significance on the statements related to loyalty programme quality terms and conditions. The statement “A good loyalty programme offers discounts or rewards that can be redeemed at the grocery store for buying any product or service from the grocery store” (mean = 4.42) was the most agreed statement by respondents, whilst the least agreed statement was “The terms and conditions of my grocery store loyalty program is comprehensive for me (mean = 3.63).

When looking at the regression analysis, the results from the study indicated that there are no significant differences between the loyalty programme quality terms and conditions and customer satisfaction ( $p = 0.125$ ;  $\beta = 0.085$ ) (Chapter 5, main finding 32). Therefore, this hypothesis was rejected.

#### **6.3.2.2 The loyalty programme quality rewards**

Respondents did place significance on the statements related to loyalty programmes quality rewards. The statement “My grocery store loyalty programme offers desirable rewards for me” (mean = 3.74) was the most agreed statement by respondents, whilst the least agreed statement was “My grocery store loyalty programme informs me of participating outlets” (mean = 3.39).

When looking at the regression analysis, the results indicated that there is a significant relationship between the loyalty programme quality rewards and customer satisfaction ( $p < 0.005$ ;  $\beta = 0.348$ ) (Chapter 5, main finding 33). Based on the p-value and beta value, it was found that respondents placed a considerable amount of significance on rewards in supermarket loyalty programmes, unlike the terms and conditions. Therefore, this hypothesis was accepted.

**Recommendation 2:** Although this hypothesis was rejected in the study, supermarkets have a legal obligation to ensure that their loyalty programme's terms and conditions are comprehensive and transparent; from a legal perspective it is lawful to clearly disclose the offerings and regulations, binding the agreement for all members who participate in the loyalty offer (Popia Act, 2020). Terms and conditions should be made available in-store through posters, via emails or sms, via links to their relevant website to view the terms and conditions, and they should be clearly demarcated on the website. It should also be a mandatory requirement to read and accept terms and conditions before signing up for the supermarket programme on the various platforms available to customers.

**Recommendation 3:** In terms of rewards offered and how they influence customer satisfaction, this hypothesis was accepted. This indicates that the type of rewards offered and how rewards can be claimed needs to be the main focus when designing and marketing the loyalty programme to ensure customer satisfaction. Supermarkets must provide a variety of reward offerings that are aligned with what customers desire in a supermarket loyalty offering ecosystem. In addition, supermarkets need to provide a suitable amount of time for customers to redeem rewards or discounts and communicate expiry dates to them within a sufficient period of time so that customers can effectively plan their behaviour around utilising those rewards before they expire. Meeting these needs requires additional research by supermarkets to determine customers' requirements in terms of the redemption time they prefer and find most suitable. According to Deloitte (2019b), customers want a variety of means to earn rewards through partners of the supermarket loyalty offering (e.g., a banking partner, a fuel partner, and a retailer).

Multi-partner loyalty programmes are recommended to leverage a variety of rewards and increase the ease of earning across various industries (Nair, 2018). Supermarkets should therefore consider expanding their loyalty offering to partners, in order to encourage the easier earning of points, which can only be redeemed at their stores.

### **6.3.3 Secondary objective 3: Determine whether there is a relationship between economic shopping orientation and customer satisfaction amongst customers of grocery retailers**

Chapter 3 explained that an economic shopper will normally use price as a determinate of where they shop, and most often they will shop at supermarket stores that are perceived to offer goods at cheaper prices than other stores (Hassan et al., 2010). Price would therefore normally determine if a customer with an economic shopping orientation will participate in a supermarket loyalty programme or not.

The overall mean for economic shopping orientation was 3.65, which indicates that the questionnaire respondents tend to agree with the statements measuring the influence of economic shopping orientation on customer satisfaction. “I profit from comparing prices across many grocery stores” (mean = 3.71) was agreed by respondents the most, whilst “I choose to shop at my grocery store as it has the best deals at the time” (mean = 3.59) was the least agreed upon statement by the respondents.

When looking at the regression analysis, there is a significant relationship between economic shopping orientation and customer satisfaction ( $p = 0.047$ ;  $\beta = 0.090$ ) (Chapter 5, main finding 34). Based on this finding, the hypothesis was accepted.

**Recommendation 4:** It is recommended that supermarkets should ensure economic shopping orientations are taken into account when developing loyalty programmes aimed to achieve satisfaction (Truth customer leadership, 2019). Supermarkets must ensure that the loyalty programmes they design incorporate substantial price advantages to their customers and that their loyalty offering provides competitive pricing.

According to the Truth customer leadership (2019), customers seek out loyalty programmes that provide discounts and rewards, and are still competitively priced; this makes it a critical factor for supermarkets to consider. Supermarkets should provide further discounts of products or services to loyalty members to encourage sign-up and participation, since respondents in this study stated that price influences their satisfaction.

#### **6.3.4 Secondary objective 4: Determine whether there is a relationship between apathetic shopping orientation and customer satisfaction amongst customers of grocery retailers**

According to Hassan et al. (2010), apathetic shoppers can be defined as customers who do not discriminate between different kinds of stores. As discussed in Chapter 3, apathetic shoppers consider shopping to be a necessity and thus the main criteria used is locational convenience, time-to-shop (i.e., spending as little time as possible on shopping), and ease of purchasing.

The statement “I want to spend as little effort as possible on grocery shopping” (mean = 3.88) was the most agreed statement by respondents, whilst “I enjoy shopping for groceries” (mean = 3.26) was the least agreed upon statement by respondents. The overall mean for apathetic shopping orientation was 3.59, which indicates that the questionnaire respondents tended to agree with the statements measuring the influence of apathetic shopping orientation on customer satisfaction.

When looking at the regression analysis, there is no significant difference between the apathetic shopping orientation and customer satisfaction ( $p = 0.334$ ;  $\beta = 0.043$ ). The hypothesis was therefore rejected (Chapter 5, main finding 35).

**Recommendation 5:** It is recommended that supermarkets should not place too much importance on apathetic shopping orientations when developing loyalty programmes that aim to achieve satisfaction. This recommendation is based on the response that customers did not enjoy shopping for groceries.



Supermarkets should not focus on location but on the other loyalty programme benefits to encourage sign-up, such as rewards and training staff (i.e., the other recommendations mentioned previously in this chapter). It is evident from the respondents that satisfactory loyalty programmes will encourage support of the store and customers will be willing to go the extra distance to earn the loyalty rewards from that particular store.

#### **6.3.5 Secondary objective 5: Determine whether there is a relationship between personalisation shopping orientation and customer satisfaction amongst customers of grocery retailers**

The personalisation shopping orientation was adopted from previous literature, as shown in Chapter 3 (Section 3.7). The personalisation shopping orientation is made of various factors that embody a personal experience, such as the staff's ability to be familiar with the individual customer's needs, personalised messaging, and personalised offerings (Hassan et al., 2010). For this study, the concept is important because personal attachments formed between customers and the store personnel will greatly influence a customer's patronage of a store (Hassan et al., 2010).

The statement, "I think it is important to be recognised by a grocery store's personnel" (mean= 3.40) was the most agreed statement by respondents, whilst "I would say that my grocery store personnel show a genuine care in my personal circumstances" (mean = 3.15) was the least agreed statement by respondents. The overall mean for personalisation shopping orientation was 3.27, which indicates that the respondents neither agree nor disagree with the influence of personalisation shopping orientation on customer satisfaction.

From the results of the regression analysis, there is significance between the personalisation shopping orientation and customer satisfaction ( $p < 0.005$ ;  $\beta = 0.023$ ). Overall, respondents considered personalisation shopping orientations to be important for supermarket loyalty programme satisfaction. The hypothesis related this construct was therefore accepted (Chapter 5, main finding 36).



**Recommendation 6:** It is recommended that supermarkets should place a considerable amount of importance on personalisation shopping orientations when developing loyalty programmes aimed at achieving satisfaction. Within their training programmes, supermarkets should incorporate tips and skills for building individual relationships with customers and emotional intelligence skills that enable genuine caring of and kindness to customers. Mägi (2003) indicated that loyalty to a brand was highly influenced by employees' personal interest in and care for customers. It is therefore critical that emotional intelligence training for employees is provided so that they can easily facilitate memorable encounters with customers, which will in turn encourage them to return to the store. Employees must be trained to be empathetic and attentive to customers, to help customers locate products, and go the extra mile to satisfy the customer, such as through greeting them, recognising regular customers, and upselling products that may compliment what the customer has in their basket. In addition, supermarkets should consider the personalisation of loyalty programmes, by allowing customers to adapt how they want rewards to be paid out or for which products they are offered rewards on; this could be done through the loyalty programme app.

#### **6.3.6 Secondary objective 6: Determine whether there is a relationship between customer satisfaction and customer loyalty amongst customers of grocery retailers**

The relationship of customer satisfaction to loyalty was adopted from previous literature, as shown in Chapter 3 (Section 3.3). Chapter 3 discussed how highly satisfied customers tend to be more loyal customers than the customers who were merely satisfied because of the sense of trust earned through satisfied experiences (Khadka & Maharjan, 2017). If consumers are satisfied with the product or service, they are more likely to carry on purchasing, which is seen as an important factor for supermarket stores because positive experiences and customers' word of mouth will contribute to building trust from other customers.

The overall mean for the customer satisfaction construct was 3.69, which indicates that the questionnaire respondents agree with the influence of customer satisfaction on customer loyalty. The statement “Overall, I would say that I am satisfied with the loyalty programme offered by my grocery store” (mean = 3.74) was the most agreed statement by respondents, whilst “Buying at my grocery store is one of my best decisions” (mean = 3.60) was the least agreed statement by respondents. Based on these findings, this hypothesis was accepted (Chapter 5, main finding 37).

The overall mean for the customer loyalty construct was 3.60, which indicates that the questionnaire respondents agree with the influence of customer satisfaction on customer loyalty. The statement “I will recommend my grocery store and its services to others in my family” (mean = 3.72) was the most agreed statement by respondents, whilst “I am willing to put in extra effort to buy from my grocery store” (mean = 3.44) was the least agreed statement by respondents. The regression analysis indicated that there is a significant relationship between customer satisfaction and customer loyalty of supermarket loyalty programmes ( $p < 0.05$ ;  $\beta = 0.759$ ) (Chapter 5, main finding 37), which means that the hypothesis was accepted.

**Recommendation 7:** It is recommended that supermarkets place significant importance on all the approved elements suggested in the previous six recommendations because they all influence customer satisfaction, which ultimately influences customers’ loyalty of loyalty programmes in the supermarket environment.

In order to attain satisfaction, supermarkets should ensure that they actively incorporate the shopping orientations, loyalty programme quality, and personal interactive quality when developing loyalty programmes.

In summary, supermarkets should focus on ensuring that their loyalty programmes offer a variety of rewards, ease in earning and redeeming rewards, and competitive pricing of products and services. Most importantly, supermarkets should invest in training their staff adequately to drive better service delivery, be more informed of loyalty offerings, and equipped to resolve queries quickly.

**6.3.7 Primary objective: To determine the influence that shopping orientations, loyalty programme quality, and personal interactive quality have on customer satisfaction and loyalty in supermarket loyalty programmes.**

Based on the findings and recommendations for the secondary objectives, the study can state that the primary objective presented in Chapter 1 was achieved. The study provided data insights and findings, which were presented in Chapter 5, that confirm the influences of shopping orientations, loyalty programmes quality, and personal interactive quality on satisfaction and loyalty. The specific results from the study that address the primary objective are summarised in the next section.

**6.4 Summary of the hypotheses**

The primary objective of the study was to determine the influence that shopping orientations, loyalty programme quality, and personal interactive quality have on customer satisfaction and loyalty in supermarket loyalty programmes. Based on the findings and recommendations for the secondary objectives, the study found that the primary objective, as presented in Chapter 1, was addressed. The study provided data insights and findings, which were presented in Chapter 5, that confirm the influences of shopping orientations, loyalty programmes quality, and personal interactive quality on customer satisfaction and loyalty.

Table 6.1 below provides a summary of the hypotheses, the main findings from this study, and the recommendations, indicating that the primary objective was addressed.

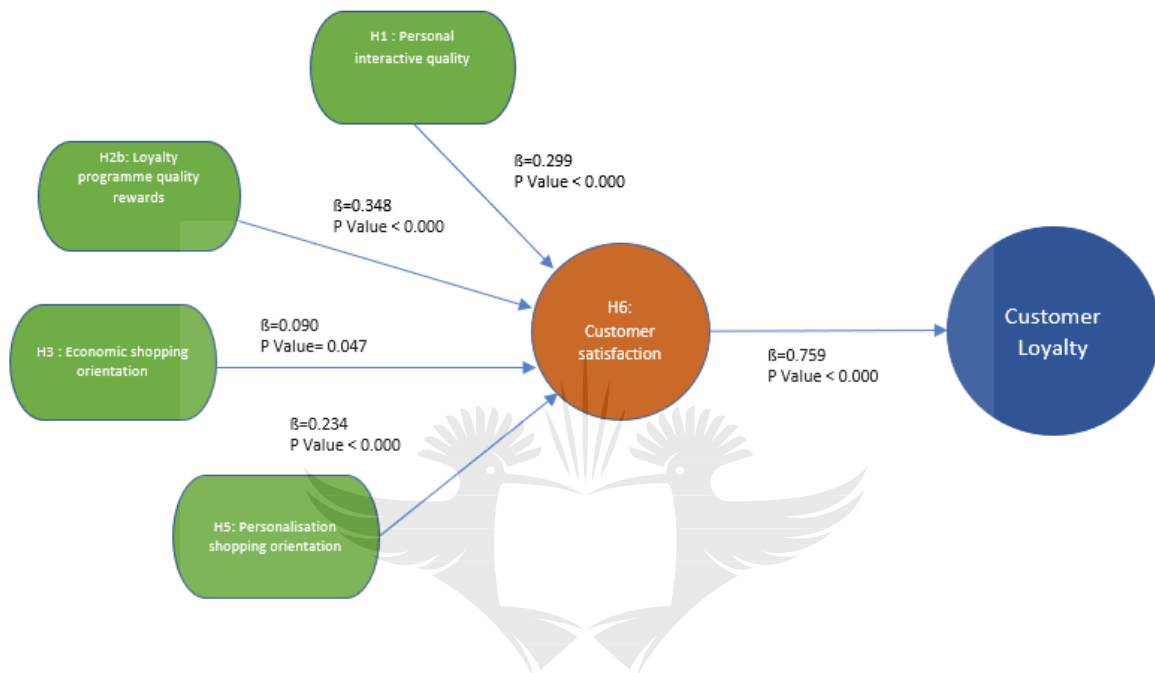
**Table 6.1 Summary of hypothesis, main findings and recommendations**

Secondary objective	Hypotheses	Questions in the questionnaire	Result (Main finding)	Recommendations
To examine the effect of environmental, personalisation, and shopping elements of loyalty programmes on customer satisfaction.	H1	Section 8 (Q1-Q7)	Accepted (MF 31)	R1
	H2a	Section 9 (Q3-Q4)	Rejected (MF 32)	R2
	H2b	Section 9 (Q1, Q2, Q5-Q7)	Accepted (MF 33)	R3
	H3	Section 10 (Q1-Q5)	Accepted (MF 34)	R4
	H4	Section 11 (Q1-Q5)	Rejected (MF 35)	R5
	H5	Section 12 (Q1-Q6)	Accepted (MF 36)	R6
	H6	Section 13 (Q1-Q6) and Section 14 (Q1-Q5)	Accepted (MF 37)	R7

The main findings from the secondary objectives (Chapter 5, Section 5.8) showed that personal interactive quality, loyalty programme rewards quality, and two of the independent variables (economic shopping orientation and personalisation shopping orientation) made a statistically significant contribution to influencing customers' satisfaction of supermarket loyalty programmes. Chapter 5 (Section 5.8.2.1) revealed that the customer satisfaction variables were statistically significant in influencing customers' loyalty of supermarket loyalty programmes.

To visually summarise the findings of this study, Figure 6.1 below presents the final model of the study, with only the accepted hypotheses shown.

**Figure 6.1: Final model of accepted hypotheses**



Source: Researchers own

## 6.5 The significance of the study

This section presents both the theoretical and practical significance of the study.

### 6.5.1 Theoretical significance of the study

This study makes a contribution to the literature on the subject area of shopping orientation, customer satisfaction, loyalty, and more importantly, loyalty programmes. Until now, very little difference was made between loyalty programmes in the retail industry of South Africa. This has allowed the researcher to identify which shopping orientations, personal interactive qualities, or loyalty programme qualities (i.e., terms and conditions or rewards) influence the South African supermarket industry specifically.

The study has contributed to existing theory by providing insights into how South African supermarket customers behave and that loyalty programmes should be focused on the i) terms and conditions and ii) rewards, which should be measured as separate constructs. In addition, the study also offered better insights into what drives customer satisfaction with regards to loyalty programmes in South Africa. The study aligned with and confirmed past studies and theories on the elements mentioned above with its findings on how customer satisfaction influences loyalty, from a South African context.

Based on the study's findings, this study has confirmed the critical role that the training of employees has for customer satisfaction and the uptake of a supermarket loyalty programme. The study has indicated the level of variety in rewards that customers expect in order to be satisfied. The study also highlighted that although location convenience is an important factor, it is not a key factor in customer satisfaction; if customers are satisfied and loyal, they will visit a particular supermarket irrespective of location. The study emphasised how price continues to play a key role in shopping behaviour, and supported the theory of customer satisfaction influencing customers' loyalty of supermarket loyalty programmes. Furthermore, the study contributed to the limited literature on the retail supermarket industry in South Africa.

#### **6.5.2 Practical significance of the study**

By investigating the influences of shopping orientations, personal interactive quality, and loyalty programme quality on customer satisfaction of and loyalty to supermarket loyalty programmes, the study was able to better understand the influences of these variables. The study revealed that economic shopping orientation, personalisation shopping orientation, loyalty programme quality rewards, and personal interactive shopping are the most important factors for supermarket retailers to consider. Furthermore, the influence of customer satisfaction on customer loyalty of supermarket loyalty programmes is clearly visible. By utilising the provided recommendations, supermarket retailers can improve their loyalty programmes and level of satisfaction and loyalty with consumers, as retailers are now able to understand which shopping orientations, loyalty factors, and perceived risk factors are important to their customers.

The findings and recommendations from this study are important for supermarkets in South Africa because retailers can tailor their loyalty offerings to specifically target economic and personalisation shoppers, and spend more attention on designing loyalty programme rewards that encourage easier earn and redeem options for customers. The more aligned the loyalty offering is to the customers' preferences, the higher the likelihood that customers will become satisfied with the supermarket brand and build loyalty towards the brand, therefore counteracting the competition in the market.

The most important practical strategy for loyalty programmes is building customer data insights to feed further loyalty programme enhancement and tactical marketing to grow more interaction with the loyalty offering and ultimately grow loyalty (Singh, 2018). To achieve rich data insights based on what the study's respondents identified as critical variables, marketers must first focus on customer–employee relationship management strategies (Personal interactive quality and Personalisation shopping orientations) followed by value-driven rewards strategies (Economic shopping orientation and Loyalty programme quality rewards) (Peppers & Rogers, 2021).

A customer–employee relationship management strategy will assist marketers in improving the overall service experience that is offered to customers through internal service delivery training, managing performance by supermarket and employee based on customer experience and employee incentives for upselling loyalty programmes at till point i.e. number of times customers swiped their loyalty card verse rejected using it (Askew, 2018). Improvements in customer service support systems, an increased focus on skills development specifically around emotional intelligence and intrapersonal skills workshops with frontline employees who deliver the loyalty programme offering (Peppers and Rogers, 2021). Marketers must adopt an immediacy to their customer interactions through responding to customers in real time and using social media to assist with interactions and even building online communities of customers with similar interests or concerns experienced at store level to help improve customer employee interactions in the stores (Bizcommunity, 2020; Chen et al., 2012).

The more responsive marketers are to customers through direct mailers, social media interactions by encouraging customers to post and tag loyalty programmes on social media and face to face interactions in-store the more personalised the experience is for the customer (Bizcommunity, 2020). Marketers can become more involved in the customers basket of choice and push specific loyalty programme discounts or rewards to customers based on groups of items purchased through their loyalty programmes (Askew, 2018).

A value-driven rewards strategy will assist marketers to improve the loyalty offering and align to the customers focus on value , ease of earning and redeeming points as well as variety of rewards. Customers seek a multiple partner rewards loyalty programme that makes earning rewards easier and provides more options to redeem rewards. Marketers can adopt a modular approach where customers can customise the loyalty programme package that best suits their need, allow customers to choose from a set of partner alliances that they can earn or redeem rewards from. The more involved the customer is in the development of their tailored loyalty programme the more they see economical value and encouraged in utilising the loyalty programme that they have had a hand in designing (Peppers & Rogers, 2021).

Therefore, by utilising the recommendations in this study, supermarkets can gain a competitive advantage, build and retain loyalty, and overcome competitiveness in the market.

## **6.6 Limitations of the study**

When carrying out the study, the researcher identified the following limitations:

- 6.6.1 The lack of accessibility to loyalty programme databases in South Africa due to confidentiality restrictions meant that this study could not gain rich insights from active customers. The research would have been much richer if it gained insights of customer perceptions from users active in each programme type.



- 6.6.2 This study adopted a cross-sectional approach because of limitations on research time and cost implications of a study over a longer time period. It would therefore be interesting to understand customers' perceptions over a longer period of time.
- 6.6.3 The study was focused on one retail category, supermarket retailers, and results could be different in other categories, such as hypermarkets, convenience stores, etc.
- 6.6.4 Research was carried out using a non-probability snowball sampling technique that does not allow for a more representative sample.
- 6.6.5 The study did not consider those respondents who do not have access to the internet and the online questionnaire link.

Taking the above limitations into consideration, the following section makes recommendations for future research.

## **6.7 Recommendations for further research**

After conducting the study and considering its limitations, the following recommendations are made for future research:

- 6.7.1 Further research could be carried out on personal interactive quality, loyalty programme quality, and the shopping orientations of consumers in other geographical areas (other than Gauteng) in South Africa.
- 6.7.2 The influence of demographic factors (e.g., education, income) and economic factors (e.g., inflation, Rand depreciation or appreciation) on personal interactive quality, loyalty programme quality, and shopping orientations need further research;
- 6.7.3 Further research could be carried out on other types of grocery retailers, such as hypermarkets or convenience stores. More research could be conducted on the quality of loyalty programmes to determine whether the two aspects identified in this study (i.e., terms and conditions and rewards) should be considered as different constructs in the South African setting.

## 6.8 Conclusion

Chapter 6 provided an overview and understanding of the influence that personal interactive quality, loyalty programme quality, and shopping orientations (economic, apathetic, and personalisation) have on customers' satisfaction of and loyalty to supermarket loyalty programmes. To achieve this, an overview of the study was presented, which was followed by recommendations and conclusions for each construct. The chapter then provided an overview and linkage of the primary objective, secondary objectives, the main findings, the hypotheses, and the recommendations. In conclusion, the study addressed the primary objective by identifying whether personal interactive quality, loyalty programme quality, and shopping orientations influence customer satisfaction of and loyalty to supermarket loyalty programmes.



## BIBLIOGRAPHY

Aadland, H.S. (2012). *Deli counters effect on the turnover in a grocery store and the potential for development of deli counters in the Norwegian grocery market: A case study of a Norwegian grocery chain* (Master's thesis). Available from:  
<https://pdfs.semanticscholar.org/a0f6/15d388bdac78e8b3882a9c5529c95ddb33db.pdf>

Adunola, O.O., Parinda, K., Oluwamayowa, Y.P., Musibau, A.A. and Olusola, J.O. (2016). Consumer Behavior towards Decision Making and Loyalty to Particular Brands. *International Review of Management and Marketing*. Available from:  
[https://www.researchgate.net/publication/303789700\\_Consumer\\_Behavior\\_towards\\_Decision\\_Making\\_and\\_Loyalty\\_to\\_Particular\\_Brands](https://www.researchgate.net/publication/303789700_Consumer_Behavior_towards_Decision_Making_and_Loyalty_to_Particular_Brands)

Ahmed, N. (2012). *Retail industry adopting change adaptation: Automation: Benefits*. *Arcada International Business* (Doctoral thesis). Available from:  
<https://core.ac.uk/reader/38078960>

Alavifar, A., Karimimalayer, M. and Anuar, M.K. (2012). Structural equation modelling vs multiple regression. *IRACST – Engineering Science and Technology: An International Journal*, 2(2):326-329. Available from:  
[https://www.academia.edu/5844912/Structural\\_equation\\_modeling\\_VS\\_multiple\\_regression](https://www.academia.edu/5844912/Structural_equation_modeling_VS_multiple_regression)

Ali, N. (2017). *Towards a better integration of the informal sector: Three empirical essays on the interaction between formal and informal firms in Egypt and beyond*. Available from:  
[https://www.researchgate.net/publication/321461114\\_Towards\\_a\\_better\\_integration\\_of\\_the\\_informal\\_sector\\_three\\_empirical\\_essays\\_on\\_the\\_interaction\\_between\\_formal\\_and\\_informal\\_firms\\_in\\_Egypt\\_and\\_beyond/citation/download](https://www.researchgate.net/publication/321461114_Towards_a_better_integration_of_the_informal_sector_three_empirical_essays_on_the_interaction_between_formal_and_informal_firms_in_Egypt_and_beyond/citation/download)

Allameh, S.M., Pool, J.K., Far, B.T. and Jamshidi, H. (2012). *Analyzing the impact of personal interactions quality on customer's satisfaction and loyalty with mediator role of communications quality. Case Study: Isfahan's Retail Stores* (Doctoral thesis), Isfahan, Iran: Department of Management, University of Isfahan. Available from: [https://www.researchgate.net/publication/271569258\\_Examining\\_the\\_Effect\\_of\\_Customer-to-Customer\\_Interactions\\_on\\_Satisfaction\\_Loyalty\\_and\\_Word-of-Mouth\\_Behaviors\\_in\\_the\\_Hospitality\\_Industry\\_The\\_Mediating\\_Role\\_of\\_Personal\\_Interaction\\_Quality\\_and\\_Service](https://www.researchgate.net/publication/271569258_Examining_the_Effect_of_Customer-to-Customer_Interactions_on_Satisfaction_Loyalty_and_Word-of-Mouth_Behaviors_in_the_Hospitality_Industry_The_Mediating_Role_of_Personal_Interaction_Quality_and_Service)

Al-Msallam, S. (2015). *Customer satisfaction and brand loyalty in the hotel industry*. European Scientific Journal, ESJ, 11(10). Available from: <https://eujournal.org/index.php/esj/article/view/6440>

Altenburg, T., Kulke, E., Hampel-Milagrosa, A., Peterskovsky, L. and Reeg, C. (2016). Making retail modernisation in developing countries inclusive: A development policy perspective. Available from: [https://www.researchgate.net/publication/321869311\\_Making\\_Retail\\_Modernisation\\_in\\_Developing\\_Countries\\_Inclusive\\_A\\_Development\\_Policy\\_Perspective](https://www.researchgate.net/publication/321869311_Making_Retail_Modernisation_in_Developing_Countries_Inclusive_A_Development_Policy_Perspective)

Arch Retail Systems. (2019). *Are loyalty programmes effective in South Africa?* Available from: <https://archsoftware.co.za/loyalty-programmes-effective-south-africa/> (Accessed 17 June 2020)

Askew, K. (2018). *2019 and beyond: 6 trends shaping the supermarkets of the future*. Available from: <https://www.foodnavigator.com/Article/2018/12/21/2019-and-beyond-Six-trends-shaping-the-supermarket-of-the-future> (Accessed 12 August 2020)

Auh, S. and Johnson, M.D. (2005). Compatibility effects in evaluations of satisfaction and loyalty. *Journal of Economic Psychology*, 26(1):35-57. doi: 10.1016/j.joep.2003.10.002

Babbie, E. and Mouton, J. (2008). *The practice of social research: South African Edition*. Cape Town: Oxford University Press.

Babin, B.J. and Zikmund, W.G. (2016). *Essentials Of Marketing Research*. Cengage Learning, Business & Economics

Bak, N. (2004). *Completing your thesis: A practical guide*. Cape Town: Van Schaik, South Africa.

Bell, J. (2005). *Doing Your Research Project: A Guide for First-Time Researchers in Education and Social Science*. Available from: [http://lst-iiep.iiep-unesco.org/cgi-bin/wwwi32.exe/\[in=epidoc1.in\]/?t2000=027124/\(100\)](http://lst-iiep.iiep-unesco.org/cgi-bin/wwwi32.exe/[in=epidoc1.in]/?t2000=027124/(100))

Beomjoon, C. and Hyun, K. (2013). The impact of outcome quality, interaction quality, and peer-to-peer quality on customer satisfaction with a hospital service. *Managing Service Quality. Journal of Service Theory and Practice*. doi: 10.1108/09604521311312228

Berfenfeldt, J. (2010). *Customer relationship management*. Industrial Business Administration Lulea, University of Technology. Available from: <https://www.mobt3ath.com/uplode/book/book-12.pdf>

Berman B. (2006). Developing an effective customer loyalty program. *California Management Review*, 49(1):123-148. doi: 10.2307/41166374

Bettencourt, L. A., and Brown, S. W. (2003). Role stressors and customer-oriented boundary-spanning behaviors in service organizations. *Journal of the academy of Marketing Science*, 31(4), 394-408. Available from: <https://doi.org/10.1177/0092070303255636>

Bhattacharjee, A. and Premkumar, G. (2004). Understanding changes in belief and attitude toward information technology usage: A theoretical model and longitudinal test. *MIS Quarterly*, 28:229-254. doi:10.2307/25148634

Bigné, E., Ruiz, C. and Blas, S. (2005). The impact of internet user shopping patterns and demographics on consumer mobile buying behaviour. *Journal of Electronic Commerce Research*.6. Available from:  
[https://www.researchgate.net/publication/228635427\\_The\\_impact\\_of\\_internet\\_user\\_shopping\\_patterns\\_and\\_demographics\\_on\\_consumer\\_mobile\\_buying\\_behaviour](https://www.researchgate.net/publication/228635427_The_impact_of_internet_user_shopping_patterns_and_demographics_on_consumer_mobile_buying_behaviour)  
Bizcommunity. (2017). South African shoppers are in love with loyalty! *Nielsen research*. Available from: <https://www.bizcommunity.com/Article/196/19/156990.html>

Bizcommunity. (2019). *How SA's biggest supermarkets measure up in customer satisfaction*. Available from: <https://www.bizcommunity.com/Article/196/168/188229.html> (Accessed 10 August 2020)

Bizcommunity. (2020). *The case for loyalty programmes*. Available from:  
<https://www.bizcommunity.com/Article/196/458/200246.html> (Accessed 10 August 2020).

Black, H. (2020). *5 types of customer loyalty programs*. Available from:  
<https://www.zendesk.com/blog/loyalty-rewards/>

Blythe, J. (2013). *Consumer behaviour*. 2nd edition. Published Thousand Oaks, Los Angeles, California: Sage, 2013.

Bolton, R.N., Kannan, P.K. and Bramlett, M.D. (2000). Implications of loyalty program membership and service experiences for customer retention and value. *Journal of the academy of marketing science*, 28(1):95-108.

Borraz, F., Dubra, J., Ferres, D. and Zipitria, L. (2014). Supermarket Entry and the Survival of Small Stores. *Review of Industrial Organization*. doi: 10.1007/s11151-013-9379-7

Borsboom, L. and Lawson, N. (2018). *The millennial customer experience in traditional retail environments: A Swedish perspective* (Masters dissertation). International Marketing & Brand Management, Sweden: Lund University. Available from: <http://lup.lub.lu.se/luur/download?func=downloadFile&recordId=8947441&fileId=8947442>

Boyle, J. (2019). *#BizTrends2019: 4 key trends that will continue to shape convenience retail in 2019*. Available from: <https://www.bizcommunity.com/Article/196/731/185940.html> (Accessed 10 August 2020).

Brady, M. and Cronin, Jr, J. (2001). Some new thoughts on conceptualizing perceived service quality: A hierarchical approach. *Journal of Marketing*, 65:34-49. doi:10.1509/jmkg.65.3.34.18334

Brant, J., and Panjwani, F. (2015). School economics and the aims of education: Critique and possibilities. *Journal of Critical Realism*, 14(3):306-324. doi: 10.1179/1572513815Y.0000000004

Bray, J. (2008). Consumer behaviour theory: Approaches and models. *Bournemouth University Business School*. doi: 10.20448/journal.500/2017.4.1/500.1.20.30

Bridson, K., Evans, J. and Hickman, M. (2008). Assessing the relationship between loyalty program attributes, store satisfaction and store loyalty. *Journal of Retailing and Consumer Services*, 15:364-374. doi:10.1016/j.jretconser.2007.08.004

Bryman, A. and Bell, E. (2011). *Business research methods*. 3rd edition. Oxford University Press.

Burns, A.C., Veeck, A., and Bush, R.F. (2017). *Marketing research, global Edition*. 8th edition. Harlow, England: Pearson.

Business Africa. (2020). *Sub-Saharan Africa: Projected decline in growth in 2020*. Available from: <https://www.africanews.com/2020/01/16/sub-saharan-africa-projected-decline-in-growth-in-2020-business-africa/> (Accessed 10 August 2020)

Businesstech. (2019). *Checkers signs up 1 million members to its new rewards programme in a single week*. Available from: <https://businesstech.co.za/news/business/350951/checkers-signs-up-1-million-members-to-its-new-rewards-programme-in-a-single-week/> (Accessed 16 August 2020)

Carpenter, W. (2019). *The world's top 10 retailers*. Available from: <https://www.investopedia.com/articles/markets/122415/worlds-top-10-retailers-wmt-cost.asp>

Chen, C.M., Chen, S.H. and Lee, H.T. (2012). Interrelationships between physical environment quality, personal interaction quality, satisfaction and behavioural intentions in relation to customer loyalty: The Case of Kinmen's bed and breakfast industry. *Asia Pacific Journal of Tourism Research*, 262-287. Available from: <https://doi.org/10.1080/10941665.2011.647041>

Cho, S.D., Kim, K., and Kim, D. (2015). Antecedents and effects of customer-service employee attachments on customer-company identification and word-of-mouth: The case of Cheong in South Korea. *Journal of Global Scholars of Marketing Science*, 25(1):91-105. doi:10.1080/21639159.2014.984889

Choi, B. (2013). The impact of outcome quality, interaction quality, and peer-to-peer quality on customer satisfaction with a hospital service. *Sacramento: California State University*, 188-204. doi: 10.1108/09604521311312228

Claasen, L. (2019). *Loyalty programmes: How retailers are cashing in on customer loyalty*. Available from: <https://www.businesslive.co.za/fm/features/2019-04-04-retailers-cashing-in-on-customer-loyalty/>



Clow, K.E. and James, K.E. (2014). *Essentials of marketing research: Putting research into practice*. Thousand Oaks, California: Sage Publications.

Creswell, J. (2014). *Research design: Qualitative, quantitative and mixed methods approaches*. 4th edition. Washington: SAGE Publications.

Creswell, J.W. and Plano-Clark, V.L. (2011). *Designing and conducting mixed methods research*. 2nd edition. Thousand Oaks, CA: Sage

Deloitte. (2019a). *Deloitte tech trends 2018* [online]. Available from: [https://www2.deloitte.com/content/dam/Deloitte/br/Documents/technology/DI\\_TechTrends2019.pdf](https://www2.deloitte.com/content/dam/Deloitte/br/Documents/technology/DI_TechTrends2019.pdf) (Accessed 10 July 2020)

Deloitte. (2019b). *The global powers of retailing* [online]. Available from: <https://www2.deloitte.com/content/dam/Deloitte/global/Documents/Consumer-Business/cons-global-powers-retailing-2019.pdf>

Deloitte. (2020). *Global Powers of Retailing 2020* [online]. Available from: <https://www2.deloitte.com/global/en/pages/consumer-business/articles/global-powers-of-retailing.htm>

Leutsch, A.L. (2019). *The 5 industries driving the U.S economy* [online]. Available from: <https://www.investopedia.com/articles/investing/042915/5-industries-driving-us-economy.asp>

Dhman, Z.A.Z. (2011). *The effect of customer relationship management (CRM) concept adoption on customer satisfaction – Customers perspective* (Master's thesis). The Case of Coastal Municipalities Water Utility CMWU - Rafah Branch. Available from: <https://library.iugaza.edu.ps/thesis/94338.pdf>

Dhurup, M. (2015) Motivational variables that influence fan attendance in domestic rugby matches: sport management and marketing. *African Journal for Physical Health Education, Recreation and Dance* 16(2). doi: 10.4314/ajpherd.v16i2.55959

Dinnen, J. (2014). *Phase #2: Clearly define your research strategy*. Available from: <https://www.mackenziecorp.com/phase-2-clearly-define-research-strategy/>  
doi.org/10.2307/3151312

Dowling, G.R and Uncles, M. (1997). Do customer loyalty programs really work? *Sloan Management Review*, 38(4). Available from:  
[https://www.researchgate.net/publication/290890144\\_Do\\_Customer\\_Loyalty\\_Programs\\_Really\\_Work](https://www.researchgate.net/publication/290890144_Do_Customer_Loyalty_Programs_Really_Work)

Eid, K., Al-Sabbahy, H. and Lockwood, A. (2011). Interaction quality in service encounter: Scale development and validation. *UK: University of Surrey, ICHRIE Annual Conference*. Available from: <http://epubs.surrey.ac.uk/id/eprint/794387>

El-Adly, M.I. and Eid, R. (2016). An empirical study of the relationship between shopping environment, customer perceived value, satisfaction, and loyalty in the UAE malls. *Journal of Retailing and Consumer Services*, 31:217-227.  
doi:10.1016/j.jretconser.2016.04.002

Emongor, R.A. (2008). *The impact of South African supermarkets on agricultural and industrial development in the Southern African Development Community* (doctoral dissertation). South Africa: University of Pretoria. Available from:  
<https://repository.up.ac.za/bitstream/handle/2263/24160/Complete.pdf?sequence=8&isAllowed=y>

Euromonitor (2019b). *Eyes on Africa: Understanding retail in Africa* [online]. Available from: <https://blog.euromonitor.com/eyes-on-africa-understanding-retail-in-africa/>  
(Accessed 10 July 2020).

Euromonitor. (2018). *Digital disruption in retail* [online]. Available from: <https://blog.euromonitor.com/digital-disruption-in-retail/> (Accessed 10 July 2020).

Euromonitor. (2019a). *Euromonitor reveals top trends impacting innovation in Africa* [online]. Available from: <https://blog.euromonitor.com/euromonitor-reveals-top-trends-impacting-innovation-in-africa/> (Accessed 10 July 2020).

Eynon, R., Fry, J., and Schroeder, R. (2011). The ethics of internet research. In *The SAGE handbook of online research methods*. Edited by Fielding, N., Lee, R.M. and Blank, G.. London, UK: SAGE. Pp. 22-41.

Farfan, B. (2019). *South Africa's largest retailers from Steinhoff to Woolworths. South African retail industry chains with the largest revenue* [online]. Available from: <https://www.thebalancesmb.com/largest-african-retailers-2892272> (Accessed 8 July 2020)

Feilzer, M.Y. (2010). Doing mixed methods research pragmatically: Implications for the rediscovery of pragmatism as a research paradigm. *Journal of Mixed Methods Research*, 4(1):6-16 Available from: <https://journals.sagepub.com/doi/abs/10.1177/1558689809349691>

Fornell, C., and Larcker, D.F. (1981). Evaluating structural equation models with unobservable variables and measurement error. *Journal of Marketing Research*, 18(1):39-50.

Gauteng Province Quarterly Bulletin (2012). *The retail industry on the rise in South Africa* [online]. Available from: <http://www.treasury.gpg.gov.za/> (Accessed 8 July 2020).

Gronroos, C. (2001). *Service management and marketing*. New York: Wiley.

Gupta, S., Gupta, T. and Shainesh, G. (2018). Navigating from programme loyalty to company loyalty. *IIMB Management Review* 30(3):196-206. Available from: <https://doi.org/10.1016/j.iimb.2018.01.009>

Hair, J.R., Celsi, M., Money, A., Samouel, P. and Page, M.J. (2015). *The essentials of business research methods*. 3rd edition, Routledge, New York. Available from: [https://www.researchgate.net/publication/284765137\\_The\\_essentials\\_of\\_business\\_research\\_methods\\_Third\\_Edition](https://www.researchgate.net/publication/284765137_The_essentials_of_business_research_methods_Third_Edition)

Hartono, S. (2011) The effect of supermarket attribute on hedonic shopping motivation, utilitarian shopping motivation and consumer loyalty. *Journal of management*, 6(1):8-21.

Hassan, Y., Muhammad, N.M.N. and Abu-Bakar, H. (2010). Influence of shopping orientation and store image on patronage of furniture store. *International Journal of Marketing Studies*. doi:10.5539/ijms.v2n1p175

Haziri, F., Chovancová, M. and Aliu, F. (2018). The consumer decision-making process which forms domestic brand loyalty: A literature review. *Conference: DOKBATAt: Zlin, Czech Republic*. doi:10.7441/dokbat.2018.09

He, Y. (2011). *College students' apparel shopping orientation changes in relations to life events* (Masters thesis). USA: Louisiana State University and Agricultural and Mechanical College. Available from: [https://digitalcommons.lsu.edu/cgi/viewcontent.cgi?article=2220&context=gradschool\\_theses](https://digitalcommons.lsu.edu/cgi/viewcontent.cgi?article=2220&context=gradschool_theses)

Hidayat, A., Zalzalalah, G.G. and Ekasasi, S.R. (2016). The role of relationship marketing on customer loyalty toward Indonesian fast food restaurant. *Journal of Social Sciences*, 2. doi: 10.5539/ijms.v11n3p131

Hoffman, J. and Lowitt, E. (2008). A better way to design loyalty programs. *Strategy & Leadership*. 36:44-47. doi:10.1108/10878570810888777

Hoffmann, N. (2013). *Loyalty schemes in retailing. A comparison of single and multi-partner programs*. Frankfurt am Main, Germany: PL Academic Research. Available from: <https://www.econstor.eu/handle/10419/178473>

Hoffmann, N. (2019). *Loyalty schemes in retailing: A comparison of single and multi-vendor loyalty schemes*. Available from: <https://www.peterlang.com>

Hurley, A.E., Scandura, T.A., Schriesheim, C.A, Brannick, M.T, Seers, A., Vandenberg, R.J. and Williams, L.J. (1997). Exploratory and confirmatory factor analysis: Guidelines, issues and alternatives. *Journal of Organizational Behavior*, 18(1):667-683. Available from: [https://doi.org/10.1002/\(SICI\)1099-1379\(199711\)18:6<667::AID-JOB874>3.0.CO;2-T](https://doi.org/10.1002/(SICI)1099-1379(199711)18:6<667::AID-JOB874>3.0.CO;2-T)

Ibáñez, V.A., Hartmann, P. and Calvo, P.Z. (2006). Antecedents of customer loyalty in residential energy markets: Service quality, satisfaction, trust and switching costs. *The Service Industries Journal*, 26(6):633-650. Available from: <https://doi.org/10.1080/02642060600850717>

IBM. (2012). *IBM SPSS Statistics for Windows*. Version 21.0. Armonk, NY: IBM Corp.

Iol. (2020). *South African consumers save billions in loyalty programme rewards* [online]. Available from: <https://www.iol.co.za/business-report/companies/south-african-consumers-save-billions-in-loyalty-programme-rewards-17127779>

Jacoby, J.E. and Chestnut, R.W. (1978). Brand loyalty. Measurement and management. New York. *International Journal of Commerce and Management*, 13:29-53.  
doi:10.1108/eb047465

Jo-Ting, H. (2019). *A cross-cultural study of the influence of personal cultural orientation on brand loyalty* (Master's thesis). University of Bradford Available from: <http://hdl.handle.net/10454/14421>

Kasai, C. and Chauke, X.D. (2017). *Investigating customer perceptions of loyalty cards and their influence on purchasing behaviour in major retail stores* (Master's thesis). South Africa: Mancosa Graduate School of Business.

Keller, H.E., and Lee, S. (2010). Ethical issues surrounding human participants research using the internet. *Journal of Ethics & Behavior*, 13(3):211-219. doi: 10.1207/S15327019EB1303\_01

Khadka, K. and Maharjan, S. (2017). *Customer satisfaction and customer loyalty* (Master's thesis). Centria university of applied sciences Business Management. Available from: <https://core.ac.uk/download/pdf/161421179.pdf>

Khan, S. (2012). Factor responsible for making consumer attitude towards islamic banking. *Arabian Journal of Business and Management*, 136-148. doi: 10.1108/IJOEM-11-2017-0502

Knekta, E., Runyon, C., and Eddy, S. (2019). One size doesn't fit all: Using factor analysis to gather validity evidence when using surveys in your research. *CBE-Life Sciences Education*, 18(1):1-17. Available from: <https://doi.org/10.1187/cbe.18-04-0064>

Kotler, P. and Keller, K.K. (2016). *Marketing management*. 15th edition. England: Pearson.

Kotler, P., Armstrong, G., & Cunningham, M. H. (2008). *Principles of marketing*. Toronto: Pearson Prentice Hall.

Krithika, G.K. and Ganesh, L. (2013). Perception of loyalty programmes and their influence on purchase behaviour, store attractiveness and loyalty. *International Journal of Advances in Management and Economics*, 2(5):107-114. Available from: [www.managementjournal.info](http://www.managementjournal.info)

Kuijpers, D., Simmons, V. and Van Wamelen, J. (2018). *Reviving grocery retail: Six imperatives*[online]. Available from: <https://www.mckinsey.com/industries/retail/our-insights/reviving-grocery-retail-six-imperatives>

Lalwani, D. (2017). *Young consumers online and offline channel purchase behaviour. International Business Management – A Nordic Focus* (Masters thesis). Available from: <https://core.ac.uk/download/pdf/84798323.pdf>

Lankton, N. and Mcknight, D. (2012). Examining two expectation disconfirmation theory models: Assimilation and asymmetry effects. *Journal of the Association for Information Systems*, 13:88-115. doi:10.17705/1jais.00285

Lars, M., Christophe, B. and Herbert, C. (2013). The effects of purchase orientations on perceived loyalty programmes' benefits and loyalty. *International Journal of Retail & Distribution Management* , Vol.41.Issue.3 : 201-225. doi: 10.1108/09590551311306255

Lawton, R. (2016). *What factors influence customer loyalty?* [online]. Available at: <https://www.arrkgroup.com/though-leadership/what-factors-influence-customer-loyalty>.

Leavy, P. (2017). *Research design: Quantitative, qualitative, mixed methods, arts-based, and community-based participatory research approaches*. The Guilford Press.

Lee, H. and Kim, J. (2008). The effects of shopping orientations on consumers' satisfaction with product search and purchases in a multi-channel environment. *Journal of Fashion Marketing and Management*, 12(2):193-216. doi: 10.1108/13612020810874881

Magatef, S.G. and Tomalieh, E.F. (2015). *The impact of customer loyalty programs on customer retention. International Journal of Business and Social Science*. Available from: <https://www.coursehero.com/file/p318ei7m/impact-of-customer-loyalty-a-loyalty-programs-are-a-structured-marketing/>



Mägi, A.W. (2003). Share of wallet in retailing: the effects of customer satisfaction, loyalty cards and shopper characteristics. *Journal of Retailing*, 97-106. Available from: [https://doi.org/10.1016/S0022-4359\(03\)00008-3](https://doi.org/10.1016/S0022-4359(03)00008-3)

Malefakis, A. (2019). *Tanzania's informal economy: The micro-politics of street vending. Zed Books; Illustrated edition (April 15, 2019)*. Available from: <https://www.zedbooks.net/shop/book/tanzanias-informal-economy/>

Malhotra, A., Majchrzak, A., Rosen, B. (2010). Leading virtual teams. *Academy of Management Perspectives*, 60–70. doi: 10.5465/AMP.2007.24286164

Malik, S.A. (2015). *Optimising supermarket promotions of fast-moving consumer goods using disaggregated sales data: A case study of Tesco and their small and medium sized suppliers* (Master's thesis). University of kent. Available from: <https://core.ac.uk/download/pdf/30712619.pdf>

Mandina, S.P. and Karisambudzi, J. (2016). *Customer retention strategies: A panacea to reducing attrition in the Zimbabwean airline industry* (Masters thesis). Midlands State University. Available from: [http://www.nabusinesspress.com/JMDC/MandinaSP\\_Web10\\_2\\_.pdf](http://www.nabusinesspress.com/JMDC/MandinaSP_Web10_2_.pdf)

Marketline. (2020). *Marketline industry profile food & grocery retail in South Africa February 2020* [online]. Available from: <https://www.marketresearch.com/MarketLine-v3883/>

Marsh. (2020). *Political risk map 2020: Trade tensions threaten political stability* [online]. Available from: <https://www.marsh.com/us/insights/research/political-risk-map-2020.html>

McEachern, A. (2019). *Why tiered programs are great for customer loyalty* [online]. Available from: <https://learn.smile.io/blog/why-tiered-programs-are-great-for-customer-loyalty>



Mckinsey and Company. (2018). *The new model for consumer goods* [online]. Available from: <https://www.mckinsey.com/industries/consumer-packaged-goods/our-insights/the-new-model-for-consumer-goods>

Meyer, S. (2020). *Understanding the COVID-19 effect on online shopping behavior* [online]. Available from: <https://www.bigcommerce.com/blog/covid-19-ecommerce/>

Microsoft Forms. (2020). *Home page*. Available from: <https://forms.office.com/Pages/DesignPage.aspx>

Moreno, M.A., Goniou, N., Moreno, P.S., and Diekema, D. (2013). Ethics of social media research: Common concerns and practical considerations. *Cyberpsychology, Behavior, and Social Networking*, 16(9):708-713. doi: 10.1089/cyber.2012.0334

Morgan, G. A. (2013) *IBM SPSS for introductory statistics: Use and interpretation*. 5th edition. New York: Routledge.

Musasa, T. (2014). *Customer service and its impact on consumer purchasing behaviour at supermarkets in the greater area of Ethekekwini* (Master's thesis). South Africa: Faculty of Management Sciences, Durban University of Technology. Available from: <http://wrlc.org.za/wpcontent/uploads/2014/11/Tinashe-Musasa-Customer-Service-and-its-Impact-on-Consumer-Purchasing-Behaviour-at-Supermarkets-in-the-greater-area-of-Ethekekwini.pdf>

Myers, M.D. (2008). *Qualitative research in business & management*. SAGE Publications.

Nair, R.D. (2018) The internationalisation of supermarkets and the nature of competitive rivalry in retailing in southern Africa. *Development Southern Africa*. Pages 315-333  
Available from: <https://doi.org/10.1080/0376835X.2017.1390440>

Nassazi, A. (2013). *Effects of training on employee performance* (Masters thesis). Evidence from Uganda. Suorituskyky, Uganda: University Koulutus. Available from: <https://core.ac.uk/download/pdf/38098025.pdf>

Ndubisi, N.O. (2007). Relationship marketing and customer loyalty. *Marketing Intelligence & Planning*, 25(1). doi: 10.1108/02634500710722425

Nielsen (2018). *South African basket sizes are shrinking as shopping behaviour shifts* [online]. Available from: <https://www.nielsen.com/za/en/insights/article/2018/south-african-basket-sizes-are-shrinking-as-shopping-behaviour-shifts/>

Nielsen. (2017). *South African shoppers are in love with loyalty* [online]. Available from: <https://www.nielsen.com/za/en/press-releases/2017/south-african-shoppers-are-in-love-with-loyalty/>

Nielsen. (2019a). *Consumer disloyalty is the new normal* [online]. Available from: <https://www.nielsen.com/eu/en/press-releases/2019/consumer-disloyalty-is-the-new-normal/> (Accessed 10 July 2020).

Nielsen. (2019b). *South Africa is the second-most price sensitive country in the world: 30% of total FMCG volume was sold at a discounted price in 2018* [online]. Available from: <https://www.nielsen.com/ssa/en/insights/article/2019/south-africa-is-the-second-most-price-sensitive-country-in-the-world/> (Accessed 10 July 2020).

Nischal, C.K. (2015). *Customer relationship management and customer retention in the Amica Restaurant at Valmet Oy Ltd (Doctoral thesis)*. Available from: [https://www.theseus.fi/bitstream/handle/10024/103213/Nischal\\_final.pdf?sequence=1](https://www.theseus.fi/bitstream/handle/10024/103213/Nischal_final.pdf?sequence=1)

Noordhoff, C., Pauwels, P. and Odekerken, G. (2004). The effect of customer card programs: A comparative study in Singapore and The Netherlands. *International Journal of Service Industry Management*, 15:351-364. Available from: [https://www.researchgate.net/publication/235260981\\_The\\_effect\\_of\\_customer\\_card\\_programs\\_A\\_comparative\\_study\\_in\\_Singapore\\_and\\_The\\_Netherlands](https://www.researchgate.net/publication/235260981_The_effect_of_customer_card_programs_A_comparative_study_in_Singapore_and_The_Netherlands)

Oliver, B., Arnd, F. and Anja, G. (2014). Shopping orientation as a stable consumer disposition and its influence on consumers' evaluations of retailer communication. *European Journal of Marketing*, 48:1026-1045. doi: 10.1108/EJM-04-2012-0210

Omar, N.A. and Musa, R. (2011). Measuring service quality in retail loyalty programmes (LPSQual): Implications for retailers' retention strategies. *International Journal of Retail and Distribution. Emerald Group Publishing Limited*, Vol. 39.2011, 10, p. 759-784. doi: 10.1108/09590551111162257

Omarjee, L. (2017). *Why SA consumers are most satisfied with Woolworths* [online]. Available from: <https://www.fin24.com/Companies/Retail/why-sa-consumers-are-most-satisfied-with-woolworths-20170421>

Omoriegie, O.K., Addae, J.A., Coffie, S., Ampong, G.O.A. and Ofori, K.S. (2019). Factors influencing consumer loyalty: Evidence from the Ghanaian retail banking industry. *International Journal of Bank Marketing*. doi: 10.1108/IJBM-04-2018-0099

Oosthuizen, J. (2014). *Loyalty programmes expand in South Africa* [online]. Available from: <https://www.bizcommunity.com/Article/196/458/115433.html>

Padayachee, P. (2015). *The impact of brand experience on brand loyalty: Selected Caltex retail sites* (Master's thesis). South Africa, Vega: the School of Brand Leadership. Available from: <http://iiespace.iie.ac.za/bitstream/handle/11622/111/VEGA-PRIYANKA%20PADAYACHEE-DBN-2015.pdf?sequence=1&isAllowed=y>

Pallant, J. (2016a). *SPSS survival manual: A step by step guide to data analysis using SPSS*. 6th edition. Maidenhead: Open University Press and Company Limited.

Parumasur, S.B. and Roberts-Lombard, M. (2012). *Consumer behaviour*. 2nd ed. Cape Town: Juta.

Peppers, D. and Rogers, M. (2021). Loyalty Program Strategy: 5 Best Practices to align with your Business Strategy. Available from <https://www.ttec.com/articles/loyalty-program-strategy-5-best-practices-align-your-business-strategy> (Accessed 9 March 2021)

Petersson, L. and Fahlén, S. (2014). *Closing the value chain loop in the apparel industry - A case study of current practice* (Masters Thesis). Sweden: Swedish School of Textile, University of Borås. Available from: <https://www.diva-portal.org/smash/get/diva2:1309962/FULLTEXT01.pdf>

Pick n Pay. (2020). Pick n Pay Investor relations [online]. Available from : <https://www.picknpayinvestor.co.za/>

Popia Act. (2020). Protection of Personal Information Act (POPI Act) [online]. Available from: <https://popia.co.za/>

Price, L.L., Anould, E.J. and Tierney, P. (1995). Going to the extreme, managing service encounters and assessing provider performance. *Journal of Marketing*, 59(2):83-97. doi: 10.2307/1252075

Punch, K. (2005). *Introduction to social research – Quantitative & qualitative approaches*. London: Sage. Available from: <https://www.qualitative-research.net/index.php/fqs/article/view/109/227>

PWC (2017). PWC's total retail 2017 edition South Africa [online]. Available from: <https://www.pwc.co.za/en/publications/total-retail.html>

Quinlan, C. (2011). *Business research methods*. Hampshire, UK : South-Western Cengage Learning.

Radebe, N. (2020). *#BizTrends2020: SA retail favours the bold* [online]. Available from: <https://www.bizcommunity.com/Article/196/730/199506.html>

Rahimi, R., and Kozak, M. (2017). Impact of customer relationship management on customer satisfaction: The case of a budget hotel chain. *Journal of Travel & Tourism Marketing*, 34(1):40-51. doi: 10.5296/ajfa.v4i1.1362

Ranabhat, D. (2018). *Customer loyalty in business: Views of students of Centria University of Applied Sciences* (Master's thesis). Available from: <https://core.ac.uk/download/pdf/161424404.pdf>

Razaghi, M.E. (2014). Evaluating the Implementation of Knowledge Management in Offices of Youth and Sport in Iran: Fuzzy logic method. *International Journal of Sport Management, Recreation & Tourism*, 16. 56-68. doi: 10.5199/ijsmart-1791-874X-16c  
Retail Economics (2019). *UK retail stats & facts* [online]. Available from: <https://www.retailereconomics.co.uk/library-retail-stats-and-facts>

Rogers, M. and Peppers, D. (2004). *Managing customer relationships. A strategic framework*. doi: 10.1002/9781119239833.

Rouse, M. (2019). *Relationship marketing* [online]. Available from: <https://searchcustomerexperience.techtarget.com/definition/relationship-marketing>

Samuel, M. (2018). *Strategies retailers use to build brand loyalty and improve customer experience* (Doctoral thesis). Walden University. Available from: <https://pdfs.semanticscholar.org/6915/c57912a001b842c5e10f17ec1955b7394271.pdf>

Saunders, M., Lewis, P. and Thornhill, A. (2012). *Research methods for business students*. 6th edition. London: Prentice Hall.

Saunders, P.L., Mark., N.K. and Thornhill, A. (2019). *Research methods for business students*. 8<sup>th</sup> edition. Pearson Education.

Schiebler, T. (2018). *Advancing Theory of Consumer Satisfaction and Word-of-Mouth. Product and Service Performance Counts – But so do Performance Expectations*

(Masters dissertation). Ludwig-Maximilians-Universität München Available from:  
[https://edoc.ub.uni-muenchen.de/23954/7/Schiebler\\_Tom.pdf](https://edoc.ub.uni-muenchen.de/23954/7/Schiebler_Tom.pdf)

Shi, Y., Lim, J.M., Weitz, B.A. and France, S.A. (2018). The impact of retail format diversification on retailers' financial performance. *Journal of the Academy of Marketing Science*, 46(1):147-167. doi: 10.1007/s11747-017-0559-0

Shoprite Holdings Ltd. (2017). *Integrated report 2017* [online]. Available from:  
[https://www.shopriteholdings.co.za/content/dam/MediaPortal/LatestIntegrateReport/IR2017/Shoprite\\_Holdings\\_IR\\_2017E\\_FULL-SPREADS.pdf](https://www.shopriteholdings.co.za/content/dam/MediaPortal/LatestIntegrateReport/IR2017/Shoprite_Holdings_IR_2017E_FULL-SPREADS.pdf) (Accessed 10 July 2020).

Shoprite Holdings Ltd. (2019a). *Annual financial statements 2019* [online]. Available from: <https://www.shopriteholdings.co.za/search-results/shoprite-holdings-documents/financial-statements.html> (Accessed 15 July 2020).

Shoprite Holdings Ltd. (2019b). *Newsroom* [online]. Available from:  
<https://www.shoprite.co.za/latest-news/shoprite-and-checkers-reward-customers-every-time-they-use-recycled-bags.html> (Accessed 10 July 2020).

Shoprite Holdings Ltd. (2020). *Home page*. Available from:  
<https://www.shopriteholdings.co.za/group/story.html>

Siegner, C. (2019). *84% of food and beverage industry leaders expect sales growth in 2020* [online]. Available from: <https://www.fooddive.com/news/84-of-food-and-beverage-industry-leaders-expect-sales-growth-in-2020/567949/>

Signé, L. (2019). *Africa's emerging economies to take the lead in consumer market growth* [online]. Available from: <https://www.brookings.edu/blog/africa-in-focus/2019/04/03/africas-emerging-economies-to-take-the-lead-in-consumer-market-growth/>

Silver, C. (2020). *The top 20 economies in the world* [online]. Available from:  
<https://www.investopedia.com/insights/worlds-top-economies/>

Sima, M. (2015). The impact of customer loyalty programs on customer retention. *International Journal of Business and Social Science* 8(1). Available from: [https://www.researchgate.net/publication/301650430\\_The\\_Impact\\_of\\_Customer\\_Loyalty\\_Programs\\_on\\_Customer\\_Retention](https://www.researchgate.net/publication/301650430_The_Impact_of_Customer_Loyalty_Programs_on_Customer_Retention)

Singh, S. (2018). *Consumer perceptions of loyalty programmes offered by cosmetic retailers in Durban and on the KwaZulu-Natal north coast* (Masters thesis). South Africa: University of South Africa. Available from: [http://uir.unisa.ac.za/bitstream/handle/10500/24349/dissertation\\_singh\\_s.pdf?sequence=1&isAllowed=y](http://uir.unisa.ac.za/bitstream/handle/10500/24349/dissertation_singh_s.pdf?sequence=1&isAllowed=y)

Smith, A. and Sparks, L. (2009). It's nice to get a wee treat if you've had a bad week: Consumer Motivations in Retail Loyalty Scheme Points Redemption. *Journal of Business Research*, 62(5):542-547. doi: 10.1016/j.jbusres.2008.06.013

Smyth, D. (2019). *What is the meaning of retail sector* [online]? Available from: <https://bizfluent.com/facts-6901569-meaning-retail-sector-.html> (Accessed 14 July 2020).

Souki, G.S. (2008). Perceived quality, satisfaction and customer loyalty: An empirical study in the mobile phones sector in Brazil. *International Journal of Internet and Enterprise Management*, 5(4):298-312. doi: 10.1504/IJIEEM.2008.020103

Statista. (2019a). *Customer loyalty schemes in the UK: Consumer attitudes towards loyalty schemes* [online]. Available from: <https://www.statista.com/statistics/792643/attitudes-to-loyalty-schemes-great-britain/> (Accessed 14 July 2020).



Statista. (2019b). *Percentage share of retail trade sales in South Africa as of 2019, by retailer type* [online]. Available from: <https://www.statista.com/statistics/880180/share-of-retail-trade-sales-by-retailer-type-south-africa/> (Accessed 14 July 2020).

Statista. (2019c). *Total retail sales worldwide from 2017 to 2023 (in trillion U.S. dollars)* [online]. Available from: <https://www.statista.com/statistics/443522/global-retail-sales/>

Statista. (2020a). *Food & beverages: South Africa*. Available from: <https://www.statista.com/outlook/253/112/food-beverages/south-africa> (Accessed 14 July 2020).

Statista. (2020b). *Grocery retail sales in South Africa in 2017, by channel*. Available from: <https://www.statista.com/statistics/1032932/grocery-retail-sales-value-in-south-africa-by-channel/> (Accessed 15 July 2020).

Statista. (2020c). *Market share of grocery stores in Great Britain from January 2015 to January 2020*. Available from: <https://www.statista.com/statistics/1032932/grocery-retail-sales-value-in-south-africa-by-channel/> (Accessed 14 July 2020).

StatsSA. (2019a). *Dismal December for retailing*. Available from <http://www.statssa.gov.za/?p=11905> (Accessed 14 August 2020).

StatsSA. (2019b). *Quarterly labour force survey (QLFS), 4th Quarter 2019*. Available from: [http://www.statssa.gov.za/?page\\_id=1854&PPN=P0211](http://www.statssa.gov.za/?page_id=1854&PPN=P0211)

Steen, M. (2016). Reconsidering path creation in economic geography: Aspects of agency, temporality and methods. *European Planning Studies*, 24:1605-1622. doi:10.1080/09654313.2016.1204427

Stone, G.P. (1954). City shoppers and urban identification: Observation on the social psychology of city life. *American Journal of Sociology*, 60(1):36-45. Available from: <https://doi.org/10.1086/221483>



Storbacka, K., Strandvik, T., and Gronroos, C. (1994). Managing customer relationships for profit: The dynamics of relationship quality. *International Journal of Service Industry Management*, 5(5):21–38. doi: 10.1108/09564239410074358

Strydom, J. (1989). The slumbering retail giant: OK Bazaars. In *Marketing success stories: Cases and readings*. Edited by van der Walt, A. South Africa: Southern Publishers.

Stuivenberg, R. (2015). *Loyalty programs: How to apply most effectively: Comparison of theory and practice*. (Master's thesis). Netherlands: University of Twente. Available from: [https://essay.utwente.nl/68143/1/STUIVENBERG\\_MA\\_BMS.pdf](https://essay.utwente.nl/68143/1/STUIVENBERG_MA_BMS.pdf)

Tabachnick, B.G., and Fidell, L.S. (2020). *Experimental designs using ANOVA*. Belmont, CA.

Talevi, G. (2019). *New retail entrant aims to shake-up the market* [online]. Available from: <https://www.businesslive.co.za/fm/money-and-investing/2019-09-12-new-retail-entrant-aims-to-shake-up-the-market/>

Thumas, B. (2019). *The challenges facing supermarkets of the future: As population grows and efficiency becomes more critical, supermarkets face unique challenges*. Available from: <https://www.foodengineeringmag.com/articles/98247-the-challenges-facing-supermarkets-of-the-future>

Tillman and Thomas (2010) Trending Economics (2020). *South Africa GDP annual growth rate*. Available from: <https://tradingeconomics.com/south-africa/gdp-growth-annual> (Accessed 20 August 2020).

Tritech Media. (2018). *Loyalty programme member engagement survey*. Available from: <http://www.eighty20.co.za/app/uploads/2018/06/2018-Loyalty-Report.pdf>

Trotter, C. (2018). *Inside Walmart – How the world’s biggest retailer is innovation*. Available from: <https://www.insider-trends.com/inside-walmart-how-the-worlds-biggest-retailer-is-innovating/#ixzz6LgtKVnwx>

Truth customer leadership (2019). South African loyalty landscape 2018 [online]. Available from: <https://truth.co.za/2019/wp-content/uploads/2020-Truth-BrandMapp-Whitepaper.pdf>

Truth customer leadership. (2018). *South African loyalty landscape 2018* [online]. Available from: <https://truth.co.za/articles/whitepapers/>

Ullah, F. and Ullah, S. (2018). The role of time, economics, and conscious: Shopping orientation on impulsive buying, behaviour of the consumers. *International Journal of Economics and Business Administration*, Vol.4. Available from: <http://www.aiscience.org/journal/paperInfo/ijeba?paperId=3456>

Up. (2016). *Exploring South Africa’s retail landscape* [online]. Available from: [https://www.up.ac.za/media/shared/130/ZP\\_Files/innovate-11\\_2016\\_exploring-sa-retail-landscape.zp111498.pdf](https://www.up.ac.za/media/shared/130/ZP_Files/innovate-11_2016_exploring-sa-retail-landscape.zp111498.pdf)

Va’zquez, R., Rodriguez-DelBosque, I.A., MaDiaz, A., and Ruiz, V.A. (2001). Service quality in supermarket retailing: Identifying critical service experiences. *Journal of Retailing and Consumer Services*, 8(1):1–14. doi: 10.1016/S0969-6989(99)00018-1

Vesel, P. and Zabkar, V. (2009). *Managing customer loyalty through the mediating role of satisfaction in the DIY retail loyalty program (Masters thesis)*. Slovenia: University of Ljubljana.

Vijayasaraty, L. (2010). Supply integration: An investigation of its multi-dimensionality and relational antecedents. *International Journal of Production Economics*, 124:489-505. doi:10.1016/j.ijpe.2010.01.010

Villacé-Molinero, T., Reinares-Lara, P., and Reinares-Lara, E. (2016). Multi-vendor loyalty programs: Influencing customer behavioral loyalty? *Frontiers in psychology*. Available from: <https://www.frontiersin.org/articles/10.3389/fpsyg.2016.00204/full>

Vuuren, T., Roberts-Lombard, Prof van Tonder, E. (2012). Customer satisfaction, trust and commitment as predictors of customer loyalty within an optometric practice environment. *Southern African Business Review*, 16. 81-96. Available from: [https://www.researchgate.net/publication/328389831\\_Customer\\_satisfaction\\_trust\\_and\\_commitment\\_as\\_predictors\\_of\\_customer\\_loyalty\\_within\\_an\\_optometric\\_practice\\_environment](https://www.researchgate.net/publication/328389831_Customer_satisfaction_trust_and_commitment_as_predictors_of_customer_loyalty_within_an_optometric_practice_environment)

WARC (2020). *Consumers want to know the point of points-based loyalty* [online]. Available from: <https://www.warc.com/newsandopinion/news/consumers-want-to-know-the-point-of-points-based-loyalty/43337>

WARC. (2019). *Global retail volume sales will slow in 2020*. Available from: <https://www.warc.com/newsandopinion/news/global-retail-volume-sales-will-slow-in-2020/43000>

Wathigo, P. (2016). *The effect of loyalty programs on customer patronage of supermarkets in Nairobi Country* (Master's thesis). Stratmore Business School. Available from: <https://pdfs.semanticscholar.org/94f5/11555e5d0baec97076a505db26b3f1fc8391.pdf>

Wizmaps. (2019). *Wizmaps*. Available from: [www.wizmaps.com](http://www.wizmaps.com) (Accessed 20 August 2020).

Wollenburg, J. Hübner A., Kuhn, H. and Trautims, A. (2018). From bricks-and mortar to bricks-and-clicks. *International Journal of Physical Distribution & Logistics Management*, 415-438. ISSN 0960-0035

- Woolworths. (2020). *Woolworths Rewards*. Available from:  
<https://www.woolworths.co.za/corporate/fol110067> (Accessed 20 August 2020).
- Workman, J.E. (2010). Fashion consumer groups, gender, and need for touch. *Clothing and Textiles Research Journal*, 28(2):126-139. doi:10.1177/0887302X09356323
- World Trade Organisation (2019). *Trade-restrictive measures continue at historically high level*. Available from:  
[https://www.wto.org/english/news\\_e/news19\\_e/trdev\\_22jul19\\_e.htm](https://www.wto.org/english/news_e/news19_e/trdev_22jul19_e.htm)
- Xu, Y., Goedegebuure, R. and Van der Heijden, B. (2006). Customer perception, customer satisfaction, and customer loyalty within Chinese securities business. *Journal of Relationship Marketing*, 5:79-104. doi:10.1300/J366v05n04\_06
- Yan. Z., Sirion, C. and Horward, C. (2011). *The influence of the mall environment on shoppers' values and consumer behavior in china* (Masters thesis). Yunnan Normal University Business School. Available from:  
<http://asbbs.org/files/2011/ASBBS2011v1/PDF/Z/ZhangY.pdf>
- Yuniarinto, A., Thoyib, A., Solimun, S., Sularso, A. (2017). Retail Attribute's Effect on Shopping Motivation and Customer Loyalty: Age as a Moderating Variable. *Science Journal of Business and Management*, Vol. 5, No. 1, 2017, pp. 27-36. doi: 10.11648/j.sjbm.20170501.14
- Zakaria, I., Rahman, B.A., Othman, A.K., Yunus, N.A.M., Dzulkipli, M.R. and Osman, M.A.F. (2014). The relationship between loyalty program, customer satisfaction and customer loyalty in retail industry: A case study. *Procedia-Social and Behavioural Sciences*, 129:23-30. doi: 10.1016/j.sbspro.2014.03.643
- Zikmund, W., Carr, B., Griffin, M., Babin, B. and Carr, J. (2013). *Business Research Method*. Cengage Learning Custom Publishing, 2013

## ANNEXURE 1: QUESTIONNAIRE

# The influence of personal interactive, loyalty programme quality & shopping orientation

This questionnaire is designed to obtain feedback regarding your experiences, from using grocery stores loyalty programmes (e.g. Pick n Pay, Checkers, SPAR, Woolworths, etcetera) and whether these experiences from using the grocery stores loyalty programmes affect your satisfaction and loyalty levels towards the grocery store. This survey forms part of a research project for the master's in Business Management Degree at the University of Johannesburg.

Taking part in this survey is completely voluntary, confidential and anonymous. There are no benefits, rewards and compensation for cost incurred to complete this survey. There is no risk or harm identified with completing this survey that would mandate an indemnity form for respondents. You can stop completing the questionnaire at any time without any effects. The questionnaire should take no more than 15 minutes of your time.

All information retrieved from completed surveys will be securely stored in a protected place for a maximum of five years utilising data encryption and controlled access to data, thereafter it will be securely disposed as per University of Johannesburg regulations. Respondents will be able to contact researcher for feedback on the study and the study will be available through the University's open source dissertation system. The privacy of the respondents will always be protected through any publications. Survey information will only be available to personnel involved in the study excluding third parties. Your co-operation is appreciated.

When evaluating a question, please answer the question from your own perspective and keep a specific grocery store loyalty programme that you have used from within the last six months in mind.

Place an tick in the appropriate box where applicable or complete where required. Select only ONE option for a particular question, unless specified otherwise.

Should you have any questions, please feel free to contact:

Supervisor: Prof Christine De Meyer-Heydenrych at [cfdemeyer@uj.ac.za](mailto:cfdemeyer@uj.ac.za)

Co-supervisor: Dr Nicole Cunningham at [ncunningham@uj.ac.za](mailto:ncunningham@uj.ac.za)

Ms P Perumal at [Prenissa.Perumal@gmail.com](mailto:Prenissa.Perumal@gmail.com)

1. Do you consent to participating in the study and fully aware of your rights as a participant in the study? \*

☐ No

☐ Yes

2. Do you live in Gauteng ? \*

☐ No

☐ Yes

3. Have you used your loyalty card at any grocery store (e.g. SPAR, Pick n Pay, Woolworths, Checkers , etcetera) in the last six months? \*

☐ No

☐ Yes

4. How old are you ? \*

☐ 18 - 24 years old

☐ 25 - 29 years old

☐ 30 - 34 years old

☐ 35 - 39 years old

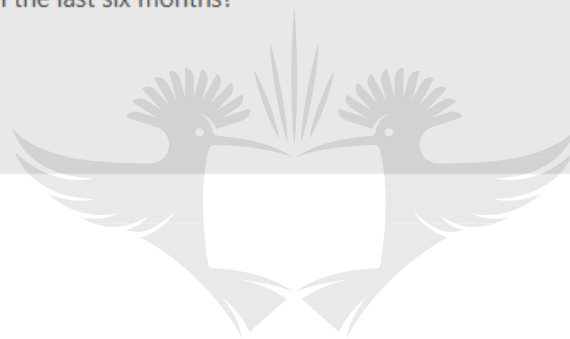
☐ 40 - 44 years old

☐ 45 - 49 years old

☐ 50 - 55 years old

☐ 56 - 59 years old

☐ 60 - 65 years old



UNIVERSITY  
OF  
JOHANNESBURG

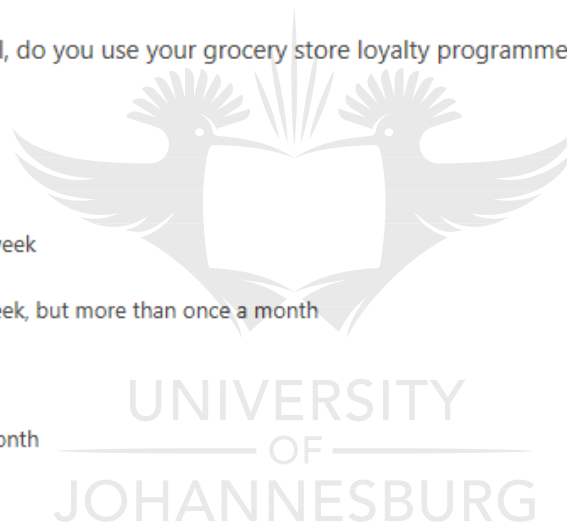
## Demographic questions

5. What is your gender? \*

- ☐ Male
- ☐ Female
- ☐ Gender non-conforming
- ☐ Prefer not to say

6. How often, in general, do you use your grocery store loyalty programmes (loyalty card)? \*

- ☐ Daily
- ☐ Once a week
- ☐ More than once a week
- ☐ Less than once a week, but more than once a month
- ☐ Once a month
- ☐ Less than once a month



7. Please write down the grocery store you purchase from most often \*

*Keep this grocery store you selected in the previous question in mind when answering the rest of the questions.*

Enter your answer

8. Indicate on a scale of 1 to 5 where 1 is "strongly disagree" and 5 is "strongly agree", the extent to which you agree with each of the following statements pertaining to your experiences when using loyalty programmes from the grocery store mentioned in question 7 \*

	Strongly disagree 1	2	3	4	Strongly agree 5
Employees of my grocery store have the knowledge to answer my questions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The behaviour of my grocery store employees instils my confidence	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Employees of my grocery store are never too busy to respond to my request	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Employees of my grocery store give me individual attention	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Employees have the necessary skills to perform their job in my grocery store	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Employees asked if my needs had been met in my grocery store	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Employees were able to handle my complaints directly and immediately in my grocery store	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



9. Indicate on a scale of 1 to 5 where 1 is “strongly disagree” and 5 is “strongly agree”, the extent to which you agree with each of the following statements pertaining to your experiences when using loyalty programmes from the grocery store mentioned in question 7 \*

	Strongly disagree 1	2	3	4	Strongly agree 5
A good loyalty programme offers discounts or rewards that can be redeemed at the grocery store for buying any product or service from the grocery store	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A good loyalty programme provides me with information about the total of all purchases that I made with the loyalty card at the point of purchase (till)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The terms and conditions of my grocery store loyalty programme are transparent for me	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The terms and conditions of my grocery store loyalty programme is comprehensive for me.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My grocery store loyalty programme offers desirable rewards for me	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My grocery store loyalty programme gives me enough time to redeem my points/discounts	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My grocery store loyalty programme lets me earn points/discounts quickly	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

My grocery store  
loyalty programme  
informs me about the  
expiry date of my  
points/discounts

☐
☐
☐
☐
☐

My grocery store  
loyalty programme  
informs me of  
participating outlets

☐
☐
☐
☐
☐

10. Indicate on a scale of 1 to 5 where 1 is "strongly disagree" and 5 is "strongly agree", the extent to which you agree with each of the following statements pertaining to your experiences when using loyalty programmes from the grocery store mentioned in question 7 \*

Strongly disagree  
1

2

3

4

Strongly agree 5

I choose to shop at my  
grocery store as it has  
the best deals at the  
time

☐
☐
☐
☐
☐

I read the  
advertisements for  
announcements of  
sales / discounts across  
all grocery stores  
supermarkets

☐
☐
☐
☐
☐

I compare what I get  
for my money across  
grocery stores

☐
☐
☐
☐
☐

I choose what grocery  
stores to go to based  
on where I can find  
what I need for the best  
prices

☐
☐
☐
☐
☐

I profit from comparing  
prices across many  
grocery stores

☐
☐
☐
☐
☐

11. Indicate on a scale of 1 to 5 where 1 is "strongly disagree" and 5 is "strongly agree", the extent to which you agree with each of the following statements pertaining to your experiences when using loyalty programmes from the grocery store mentioned in question 7 \*

	Strongly disagree 1	2	3	4	Strongly agree 5
I want to spend as little effort as possible on grocery shopping	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I want to take as little time as possible when shopping in my grocery store	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I think grocery shopping is a necessary evil	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I enjoy shopping for groceries	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I spend as little time as possible on grocery shopping	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

12. Indicate on a scale of 1 to 5 where 1 is "strongly disagree" and 5 is "strongly agree", the extent to which you agree with each of the following statements pertaining to your experiences when using loyalty programmes from the grocery store mentioned in question 7 \*

	Strongly disagree 1	2	3	4	Strongly agree 5
I think personal contact with grocery stores personnel is important	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I think it is important to be recognised by a grocery store's personnel	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I only shop at my grocery store because I know the staff is friendly	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

13. Indicate on a scale of 1 to 5 where 1 is "strongly disagree" and 5 is "strongly agree", the extent to which you agree with each of the following statements pertaining to your experiences when using loyalty programmes from the grocery store mentioned in question 7 \*

	Strongly disagree 1	2	3	4	Strongly agree 5
Overall, I would say that I am satisfied with the loyalty programme offered by my grocery store	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Buying at my grocery store is one of my best decisions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I have truly enjoyed buying at my grocery store	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am sure it was the right thing buying at my grocery store	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My grocery store satisfies my expectations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am satisfied with my grocery store compared with other grocery stores	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



UNIVERSITY  
OF  
JOHANNESBURG

I would say that my grocery store personnel show a genuine care in my personal circumstances	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I like to shop where people know me	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I think it is important that there are staff members to talk to in my grocery store in which I shop in	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

14. Indicate on a scale of 1 to 5 where 1 is "strongly disagree" and 5 is "strongly agree", the extent to which you agree with each of the following statements pertaining to your experiences when using loyalty programmes from the grocery store mentioned in question 7 \*

	Strongly disagree 1	2	3	4	Strongly agree 5
I really care about the fate of my grocery store	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am willing to put in extra effort to buy from my grocery store	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I expect to stay with my grocery store for a long period of time	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I will recommend my grocery store and its services to others in my family	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I will recommend my grocery store and its services to others outside my family	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

## ANNEXURE 2: ETHICAL CLEARANCE

CBREC and SUBCOMMITTEES 2020



### CBE RESEARCH ETHICS COMMITTEE

Dear Prenissa Perumal and Prof De Meyer-Heydenrych

#### ETHICAL APPROVAL GRANTED FOR RESEARCH PROJECT

**Decision: Clearance granted**

This letter serves to confirm that the proposed research project indicated in the table below, has been reviewed by the School of Consumer Intelligence and Information Systems at the University of Johannesburg. Ethical clearance is hereby granted and is valid for three years, from 1 JUNE 2020 until 30 JUNE 2022.

<b>Applicant</b>	Ms Prenissa Perumal
<b>Supervisor</b>	Prof De Meyer-Heydenrych
<b>Student/staff number</b>	200800909
<b>Title</b>	The effect of environmental, personalisation and shopping elements of loyalty programmes on customer satisfaction.
<b>Decision date at meeting</b>	18 May 2020
<b>Reviewers</b>	Dr S Dube and Dr W Erasmus
<b>Ethical clearance code</b>	2020SCiS042
<b>Rating of application</b>	Code 02

CODE 01- Approved

CODE 02 - Approved with suggestions/requirements with no re-submission

CODE 03- Referred back

CODE 04 - Disapproved, cannot re-submit

The researcher/s may now commence with the study providing that:

1. The researcher/s will ensure that the project adheres to ethical research requirements
2. The researcher/s will be conducting the study as set out in the approval application
3. The researcher/s will ensure that project adheres to all applicable legislation, scopes of practice, professional codes of conduct and scientific standards as it pertains to the field or study.
4. The researcher/s will bring under the attention of the research ethics committee any proposed changes, concerns that arise, and unexpected ethical management issues
  - Please see reviewers' notes in Track Changes of the attached document, file name: **CBREC\_Form A\_direct human involvement\_2020SCiS042\_WE\_SD\_TDP\_CDHM**
5. Any changes that can affect the study-related risks for participants or researchers must be reported to the committee in writing.
6. No fieldwork activities may continue after the ethical clearance has expired. A request for an extension of ethical clearance can be made in writing to the REC.

Prof T du Plessis

Co-Chairperson: [tduplessis@uj.ac.za](mailto:tduplessis@uj.ac.za)

18 May 2020

Date

### ANNEXURE 3: LETTER FROM LANGUAGE EDITOR



#### Joy's Editing

joy.english.editing@gmail.com

<https://joyediting.wixsite.com/info>

<https://www.linkedin.com/in/joy-waddell/>

#### Language editing and proofreading

---

Joy's Editing was established in 2014. I proofread and edit the language of written documents, from journal articles to reports and postgraduate dissertations, in most fields and disciplines. I have worked on documents for a range of clients from Southern Africa, in disciplinary fields such as industrial engineering, geography, conservation ecology, music, marketing, business science, and early childhood development.

I hereby confirm that I have proofread and language edited Prenissa Perumal's Masters thesis on customers' satisfaction of and loyalty to supermarket loyalty programmes in South Africa.

Kind regards,

  
Joy Waddell

UNIVERSITY  
OF  
JOHANNESBURG